UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED] For the fiscal year ended December 31, 1994

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] For the transition period from . . . . to . . . .

Commission file number 0-7949

FIRST HAWAIIAN, INC.
(Exact name of registrant as specified in its charter)

DELAWARE (State of incorporation)	99-0156159 (I.R.S. Employer Identification No.)
1132 BISHOP STREET, HONOLULU, HAWAII (Address of principal executive offices)	96813 (Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (808) 525-7000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of each class	Name of each exchange on which registered
None	Not Applicable

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, $5.00 Par Value
(Title of class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of February 24, 1995 was $503,770,000.

The number of shares outstanding of each of the registrant's classes of common stock as of February 24, 1995 was:

Title of Class	Number of Shares Outstanding
Common Stock, $5.00 Par Value	31,978,563 Shares

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the following documents are incorporated by reference in this Form 10-K:

DOCUMENTS	FORM 10-K REFERENCE
First Hawaiian, Inc. Annual Report 1994	Parts I and II
First Hawaiian, Inc. Proxy Statement dated	

March 1, 1995 for the Annual Meeting of Stockholders	Part III

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PART I

ITEM 1. BUSINESS

FIRST HAWAIIAN, INC. -

First Hawaiian, Inc. (the "Corporation"), a Delaware corporation, is a registered bank holding company under the Bank Holding Company Act of 1956, as amended. As a bank holding company, the Corporation is allowed to acquire or invest in the securities of companies that are engaged in banking or in activities closely related to banking as authorized by the Federal Reserve Board. The Corporation is also a registered savings and loan holding company under section 10 of the Home Owner's Loan Act, as amended. The Corporation, through its subsidiaries, operates a general commercial banking business and other businesses related to banking. Its principal assets are its investments in First Hawaiian Bank (the "Bank"), a State of Hawaii chartered bank; First Hawaiian Creditcorp, Inc. ("Creditcorp") and First Hawaiian Leasing, Inc. ("FHL"), each a financial services loan company; and Pioneer Federal Savings Bank ("Pioneer"), a federally chartered savings bank. The Bank, Creditcorp, FHL and Pioneer are wholly-owned subsidiaries of the Corporation. At December 31, 1994, the Corporation had consolidated total assets of $7.5 billion, total deposits of $5.2 billion and total stockholders' equity of $627.9 million.

Based on assets as of June 30, 1994, the Corporation was the 77th largest bank holding company in the United States as reported in the American Banker.

FIRST HAWAIIAN BANK -

The Bank, the oldest financial institution in Hawaii, was established as Bishop & Co. in 1858 in Honolulu. After several corporate mergers and other changes, the Bank is now a state chartered bank. The Bank is not a member of the Federal Reserve System. The deposits of the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC") to the extent and subject to the limitations set forth in the Federal Deposit Insurance Act, as amended.

The Bank is a full-service bank conducting a general commercial and consumer banking business and offering trust services. Its banking activities include receiving demand, savings and time deposits for personal and commercial accounts; making commercial, agricultural, real estate and consumer loans; acting as a United States tax depository facility; providing money transfer and cash management services; selling traveler's checks, bank money orders, mutual funds and annuities; issuing letters of credit; handling domestic and foreign collections; providing safe deposit and night depository facilities; lease financing; and investing in U.S. Treasury securities and securities of other U.S. government agencies and corporations and state and municipal securities.

As of December 31, 1994, the Bank had total deposits of $4.4 billion and total assets of $6.3 billion, making it the second largest bank in Hawaii.

Domestic Services -

The domestic operations of the Bank are carried out through its main banking office located in Honolulu, Hawaii and 60 other banking offices located throughout the State of Hawaii. Fifty-seven of the offices are equipped with automatic teller machines which provide 24-hour service to customers wishing to make withdrawals from and deposits to their personal checking accounts, to transfer funds between checking and savings accounts, to make balance inquiries, to obtain interim bank statements, and to make utility and loan payments. Seventeen nonbranch locations provide balance inquiry and withdrawal transaction services only. The Bank is a member of the CIRRUS(R)/MasterCard(R), Plus(R)/VISA(R) and Star System(R) automatic teller machine networks, providing its customers with access to their funds nationwide and in selected foreign countries.

Lending Activities -

The Bank engages in a broad range of lending activities, including making real estate, commercial and consumer loans and leases. At December 31, 1994, the Bank's loans totalled $4.4 billion, representing 69.8% of total assets. At that date, 52.1% of the loans were construction, commercial and residential real estate loans, 26.1% were commercial loans, 10.6% were consumer loans, 3.7% were leases and 7.5% were foreign loans.

Real Estate Lending--Construction. The Bank provides construction financing for a variety of commercial and residential single-family subdivision and multi-family developments. At December 31, 1994, approximately 12.7% of the Bank's total real estate loans were collateralized by properties under construction.

Real Estate Lending--Commercial. In the commercial real estate area, the Bank provides permanent financing for a variety of commercial developments, such as various retail facilities, warehouses, and office buildings. At December 31, 1994, approximately 33.7% of the Bank's total real estate loans were collateralized by commercial properties.

Real Estate Lending--Residential. The Bank makes residential real estate loans, including home equity loans, to enable borrowers to purchase, refinance or improve residential real property. The loans are secured by mortgage liens on the related property, substantially all of which is located in Hawaii. At December 31, 1994, approximately 53.6% of the Bank's total real estate loans were collateralized by single-family and multi-family residences.

Commercial Lending. The Bank is a major lender to primarily small- and medium-sized businesses (including local subsidiaries and operations of foreign companies) in Hawaii and Hawaii companies doing business overseas with particular emphasis on those companies in the Asia-Pacific region.

Consumer Lending. The Bank offers many types of loans and credits to consumers. The Bank provides lines of credit, uncollateralized or collateralized, and provides various types of personal and automobile loans. The Bank also provides indirect consumer automobile financing on new and used autos by purchasing finance contracts from dealers. The Bank's Dealer Center is the largest commercial bank automobile lender in the State of Hawaii. The Bank is the largest issuer of MasterCard(R) credit cards and the second largest issuer of VISA(R) credit cards in Hawaii.

International Banking Services -

The Bank maintains an International Banking Division which provides international banking products and services through the Bank's branch system, international banking headquarters in Honolulu, a Grand Cayman branch, two Guam branches and a representative office in Tokyo, Japan. The Bank maintains a network of correspondent banking relationships throughout the world.

The Bank's international banking activities are primarily trade-related and are concentrated in the Asia-Pacific area. The Bank has no loans to lesser developed countries.

Trust Services -

The Bank's Asset Management Division offers a full range of trust and investment management services. The Division provides asset management, advisory and administrative services for estates, trusts and individuals. It also acts as trustee and custodian of retirement and other employee benefit plans. As of December 31, 1994, the Asset Management Division had 5,981 accounts with a market value of $7.6 billion. Of this total, $5.8 billion represented assets in non-managed accounts and $1.8 billion were managed assets.

The Asset Management Division maintains custodial accounts under which it acts as agent for customers in rendering a variety of services, including dividend and interest collection, collection under installment obligations, and rent collection.

The Asset Management Division also acts as corporate trustee or co-trustee for bond issues totaling $1.9 billion in principal amount.

FIRST HAWAIIAN CREDITCORP, INC. -

Creditcorp is a financial services loan company with 12 branch offices located throughout the four major islands of the State of Hawaii and a branch office in Guam. Creditcorp also has a commercial loan production office in Honolulu.

The lending activities of Creditcorp are concentrated in consumer and commercial financing which are primarily collateralized by real estate.

Creditcorp's primary source of funds is time and savings deposits which are insured by the FDIC to the extent and subject to the limitations set forth in the Federal Deposit Insurance Act, as amended.

Creditcorp also utilizes borrowings as an additional source of funding for its loan portfolio and is a member of the Federal Home Loan Bank of Seattle (the "FHLB of Seattle") which provides a central credit facility for member institutions. As of December 31, 1994, Creditcorp was required, in accordance with the rules and regulations of the FHLB of Seattle, to maintain a minimum level of capital stock ownership of $4.5 million in this regional facility. As of December 31, 1994, Creditcorp's investment in the capital stock of the FHLB of Seattle totalled $6.8 million and advances from the FHLB of Seattle aggregated $57.0 million.

At December 31, 1994, Creditcorp had total deposits of $337.9 million, total loans and leases of $430.4 million and total assets of $448.7 million.

FIRST HAWAIIAN LEASING, INC. -

FHL, a financial services loan company, primarily finances and leases personal property and equipment and acts as an agent, broker or advisor in the leasing or financing of such property for affiliates as well as third parties. Through a special purpose subsidiary, FHL finances and leases selected real property.

As of December 31, 1994, FHL's net investment in leases amounted to $64.0 million and total assets were $94.2 million. FHL's primary source of funds is borrowings from the Corporation and the Bank.

PIONEER FEDERAL SAVINGS BANK -

On August 6, 1993, the Corporation acquired for cash all of the outstanding stock of Pioneer Fed BanCorp, Inc. ("Pioneer Holdings") at a purchase price of $87 million through the merger of Pioneer Holdings with and into the Corporation (the "Merger"). As a result of the Merger, Pioneer became a wholly-owned subsidiary of the Corporation (see "Note 1. Business Combination - - Pioneer Federal Savings Bank" (page 41) in the Financial Review section of the Corporation's Annual Report 1994, which is incorporated herein by reference thereto).

Pioneer is a federally chartered savings bank operating in the State of Hawaii. Pioneer, the oldest savings bank in Hawaii, was chartered in 1890 by King David Kalakaua. Presently, Pioneer maintains 19 branch offices located on the four major islands of the State of Hawaii. At December 31, 1994, Pioneer had total assets of $759.6 million. Based on total assets at December 31, 1994, Pioneer was the fourth largest of six Savings Association Insurance Fund ("SAIF") - insured institutions operating in the State of Hawaii.

Pioneer is primarily engaged in attracting deposits from the general public through a variety of deposit products. Together with borrowings, principally from the FHLB of Seattle, and funds from ongoing operations, these resources are invested in the origination of conventional adjustable and fixed rate, one-to-four family residential mortgages. Pioneer is also engaged in other types of mortgage lending, including home equity loans, loans on smaller multi-family projects and, to a lesser extent, in other consumer lending activities. Mortgage lending activity, both origination and purchases, has been limited to loans secured by property in the State of Hawaii. As of December 31, 1994, Pioneer was required, in accordance with the rules and regulations of the FHLB of Seattle, to maintain a minimum level of capital stock ownership of $11.1 million in this regional facility. As of December 31, 1994, Pioneer's investment in the capital stock of the FHLB of Seattle totalled $26.9 million and advances from the FHLB of Seattle aggregated $222.4 million.

At December 31, 1994, Pioneer had total deposits of $394.0 million, total loans of $645.2 million and total assets of $759.6 million.

HAWAII COMMUNITY REINVESTMENT CORPORATION -

In an effort to support affordable housing and as part of the Bank's, Creditcorp's and Pioneer's community reinvestment program, the Bank, Creditcorp and Pioneer are members of the Hawaii Community Reinvestment Corporation (the "HCRC"). The HCRC is a consortium of local financial institutions and provides $50 million in permanent long-term financing for affordable housing projects throughout Hawaii for low and moderate income residents.

The $50 million loan pool is funded by the member financial institutions which participate pro rata (based on deposit size) in each HCRC loan. The Bank's, Creditcorp's and Pioneer's participations in these HCRC loans are included in each of these companies' loan portfolio.

HURRICANE INIKI -

On September 11, 1992, Hurricane Iniki struck the Island of Kauai and, to a lesser extent, the west side of the Island of Oahu, causing extensive property damage. As a result of the hurricane damage, three property insurance companies affiliated with each other failed in 1993 and several other property insurers temporarily discontinued writing or renewing homeowners property insurance in Hawaii. The Bank, Creditcorp and Pioneer (and all other real estate lenders) require and rely upon the availability of adequate homeowners property insurance on residential properties which serve as primary collateral for loans. If homeowners property insurance were for any reason not available, the subsidiaries of the Corporation would either be forced to discontinue real property lending or be exposed to risk of loss if uninsured collateral were destroyed by fire or other casualties. In addition, such loans would not be saleable in the secondary market.

However, homeowners property insurance is available. Pursuant to legislation enacted by the Hawaii State Legislature, the State of Hawaii established the Hawaii Hurricane Relief Fund (the "HHRF"). The HHRF is funded by assessments on the State's licensed insurers and reinsurers, insurance premiums and special mortgage recording fees dedicated to the fund. The HHRF provides the principal coverage for hurricane damage, while existing property insurers provide other homeowners insurance coverages. In general, the premium cost of homeowners property insurance has increased 2-1/2 to 3 times pre-hurricane levels, but none of the Corporation's subsidiaries has experienced an adverse impact on its residential loan portfolio as a result of increased premium rates.

In cases where the customer has been unable to obtain property insurance on residential properties collateralizing loans, the Bank, Creditcorp and Pioneer have been able to obtain "force placed" homeowners property coverage through insurance policies obtained by the subsidiaries at the borrowers' expense to cover the mortgage loan collateral.

EMPLOYEES -

As of December 31, 1994, the Corporation had 3,040 full-time equivalent employees. The Bank employed 2,684 persons and nonbank subsidiaries employed 356 persons. None are represented by any collective bargaining agreements and relations with employees are considered excellent.

MONETARY POLICY AND ECONOMIC CONDITIONS -

The earnings and growth of the Corporation are affected not only by general economic conditions, but also by the monetary policies of various governmental regulatory authorities, particularly the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"). The Federal Reserve Board implements national monetary policy by its open market operations in United States Government securities, control of the discount rate, and establishment of reserve requirements against both member and nonmember financial institutions' deposits. These actions have a significant effect on the overall growth and distribution of loans, investments and deposits as well as the rates earned on loans, or paid on deposits.

It is not possible to predict the effect of future changes in monetary policies upon the operating results of the Corporation.

COMPETITION -

Competition in the financial services industry in Hawaii is intense. Hawaii-based commercial banks, savings institutions, financial services loan companies and credit unions compete against one another. Based upon the latest available figures, total deposits of all financial institutions in Hawaii as of June 30, 1994 amounted to approximately $20 billion. The two largest bank holding companies, Bancorp Hawaii, Inc. and the Corporation, accounted for 26% and 24% of total deposits, respectively. The next largest competitors were American Savings Bank, F.S.B. and Bank of America, F.S.B., with 11% and 7%, respectively, of total deposits. In addition, out-of-state mutual funds, insurance companies, brokerage firms and other financial services providers also compete for consumer and commercial business in Hawaii.

Foreign (non-Hawaii) banks and other financial institutions are able to make loans in Hawaii through Edge Act facilities, finance and mortgage company subsidiaries and by loan participations with local banks. United States domestic banks and other financial institutions may make loans directly in Hawaii by qualifying as "foreign lenders" in Hawaii. Foreign banks currently conduct various banking activities in Hawaii, except for retail deposit-taking. Banks and bank holding companies organized under the laws of Pacific Ocean jurisdictions with United States dollar-based economies may acquire Hawaii banks or establish branches in Hawaii, although none have done so to date. Banks and similar financial institutions of countries other than the United States may and do have representative offices or agencies in Hawaii. Under the rules of the Office of Thrift Supervision (the "OTS"), federally-chartered savings associations may open branches in, or merge with another savings association located in, any state (including Hawaii), subject to certain conditions.

Hawaii has no law permitting interstate bank acquisitions or branching in Hawaii by foreign (non-Hawaii) banks. The Hawaii State Legislature has previously considered and rejected broad interstate banking legislation. However, the acquisition of failing state-chartered financial institutions by out-of-state financial institutions is permitted in certain limited circumstances.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 was enacted into law on September 29, 1994. The law provides that, among other things, substantially all state law barriers to the acquisition of banks by out-of-state bank holding companies will be eliminated effective on September 29, 1995. The law will also permit interstate branching by banks effective as of June 1, 1997, subject to the ability of states to opt-out completely or to set an earlier effective date. The Hawaii State Legislature has not taken any action on the opt-out election. The effect of the new law may be to increase competition within the markets in which the Corporation now operates, although the Corporation cannot predict whether and to what extent competition will increase in these markets.

SUPERVISION AND REGULATION -

As a bank holding company, the Corporation is subject to supervision and examination by the Federal Reserve Board under the Bank Holding Company Act of 1956, as amended. The Corporation is also regulated and supervised by the OTS as a savings and loan holding company by virtue of its ownership of Pioneer. The various subsidiaries of the Corporation are subject to regulation and supervision by the state banking authorities of Hawaii, the Federal Reserve Board, the FDIC, the OTS and various other regulatory agencies.

Holding Company Structure. In general, the Bank Holding Company Act of 1956, as amended, limits the business of bank holding companies to owning or controlling banks and engaging in such other activities as the Federal Reserve Board may determine to be so closely related to banking as to be a proper incident thereto. The Corporation must obtain the prior approval of the Federal Reserve Board before acquiring direct or indirect ownership or control of any voting shares of any bank if after such acquisition it would own or control, directly or indirectly, more than 5% of the voting shares of such bank; before merging or consolidating with another bank holding company; and before acquiring substantially all of the assets of any additional bank. With certain exceptions, the Bank Holding Company Act of 1956, as amended, prohibits bank holding companies from acquiring direct or indirect ownership or control of more than 5% of any class of voting shares in any company which is not a bank or a bank holding company, unless the Federal Reserve Board determines that the activities of such company are so closely related to banking as to be a proper incident thereto. In making such determinations, the Federal Reserve Board considers, among other things, whether the performance of such activities by a bank holding company would offer benefits to the public that outweigh possible adverse effects. In addition, all acquisitions are reviewed by the Department of Justice for antitrust considerations.

The principal source of the Corporation's cash revenue has been dividends and interest received from the Bank and other subsidiaries of the Corporation. Under Hawaii law, the Bank is prohibited from declaring or paying any dividends in excess of its retained earnings. Pioneer and Creditcorp are also subject to regulatory limitations on the amount of dividends they may declare and pay. At December 31, 1994, the aggregate amount of dividends that such subsidiaries could pay to the Corporation under the foregoing limitations without prior regulatory approval was $334.0 million. There are also statutory limits on the transfer of funds to the Corporation and certain of its nonbanking subsidiaries by the Bank or by Pioneer, whether in the form of loans or other extensions of credit, investments or asset purchases. Such transfers by the Bank to the Corporation or any such nonbanking subsidiary are limited in amount to 10% of the Bank's capital and surplus, or 20% in the aggregate. Pioneer is subject to comparable limitations. Furthermore, such loans and extensions of credit are required to be collateralized in specified amounts.

If, in the opinion of the applicable regulatory authority, a bank under its jurisdiction is engaged in or is about to engage in an unsafe or unsound practice (which, depending on the financial condition of the bank, could include the payment of dividends), such authority may require, after notice and hearing, that such bank cease and desist from such practice. The Federal Reserve Board and the FDIC have issued policy statements which provide that, as a general matter, insured banks and bank holding companies should only pay dividends out of current operating earnings. In addition, the regulatory capital requirements of the Federal Reserve Board, the FDIC and the OTS may limit the ability of the Corporation and its insured depository subsidiaries to pay dividends. See "Federal

Deposit Insurance Corporation Improvement Act of 1991" and "Capital Requirements," below.

Under Federal Reserve Board policy, a bank holding company is expected to act as a source of financial strength to each subsidiary bank and to make capital infusions into a troubled subsidiary bank, and the Federal Reserve Board may charge the bank holding company with engaging in unsafe and unsound practices for failure to commit resources to a subsidiary bank. This capital infusion may be required at times when the Corporation may not have the resources to provide it. Any capital loans by the Corporation to its subsidiary bank would be subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary bank. In connection with its application to the Federal Reserve Board for authority to acquire Pioneer, the Corporation committed that Pioneer will meet all present and future minimum capital ratios adopted for savings associations by the OTS or the FDIC. In the event of the bankruptcy of the Corporation, this commitment would be assumed by the bankruptcy trustee and be entitled to a priority of payment.

In addition, depository institutions insured by the FDIC can be held liable for any losses incurred by, or reasonably expected to be incurred by, the FDIC after August 9, 1989 in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled FDIC-insured depository institution in danger of default. "Default" is defined generally as the appointment of a conservator or receiver and "in danger of default" is defined generally as the existence of certain conditions indicating that a "default" is likely to occur in the absence of regulatory assistance. Accordingly, in the event that any insured subsidiary of the Corporation causes a loss to the FDIC, other insured subsidiaries of the Corporation could be required to compensate the FDIC by reimbursing it for the amount of such loss. Any such obligation by the Corporation's insured subsidiaries to reimburse the FDIC would rank senior to their obligations, if any, to the Corporation.

Federal Deposit Insurance Corporation Improvement Act of 1991. In December 1991, Congress enacted the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), which substantially revised the regulatory and funding provisions of the Federal Deposit Insurance Act and made revisions to several other federal banking statutes. FDICIA provided for, among other things, (i) a recapitalization of the Bank Insurance Fund by increasing the FDIC's borrowing authority; (ii) annual on-site examinations of federally-insured depository institutions by banking regulators; (iii) publicly available annual financial condition and management reports for financial institutions, including audits by independent accountants; (iv) the establishment of uniform accounting standards by federal banking agencies; (v) the establishment of "prompt corrective action" standards for depository institutions based on five levels of capitalization, with more scrutiny and restrictions placed on institutions with lower levels of capital; (vi) additional grounds for the appointment of a conservator or receiver for a failed or failing depository institution; (vii) a requirement that the FDIC use the least-cost method of resolving cases of troubled institutions in order to keep the costs to insurance funds at a minimum; (viii) more comprehensive regulation and examination of foreign banks; (ix) consumer protection provisions including a Truth-in-Savings Act; (x) a requirement that the FDIC establish a risk-based deposit insurance assessment system to be in effect no later than January 1, 1994; (xi) restrictions or prohibitions on accepting brokered deposits except for institutions which significantly exceed minimum capital requirements; (xii) general restrictions on the activities as principal and equity investments of state-chartered banks to those permissible for national banks unless approved by the FDIC; and (xiii) certain limits on deposit insurance coverage.

A central feature of FDICIA is the requirement that the federal banking agencies take "prompt corrective action" with respect to insured depository institutions that do not meet minimum capital requirements. FDICIA established five capital levels applicable to such institutions (including the Bank): "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." Under the regulations adopted by the federal banking agencies to implement these provisions of FDICIA, a depository institution is "well capitalized" if it has (i) a total risk-based capital ratio of 10% or greater, (ii) a Tier 1 risk-based capital ratio of 6% or greater, (iii) a leverage ratio of 5% or greater and (iv) is not subject to any written agreement, order or directive to meet and maintain a specific capital level for any capital measure. An "adequately capitalized" institution is defined as one that has (i) a total risk-based capital ratio of 8% or greater, (ii) a Tier 1 risk-based capital ratio of 4% or greater and (iii) a leverage ratio of 4% or greater (or 3% or greater in the case of a bank with a composite CAMEL rating of 1). A depository institution is considered (i) "undercapitalized" if it has (A) a total risk-based capital ratio of less than 8%, (B) a Tier 1 risk-based capital ratio of less than 4% or (C) a leverage ratio of less than 4% (or 3% in the case of an institution with a CAMEL rating of 1), (ii) "significantly undercapitalized" if it has (A) a total risk-based capital ratio of less than 6%, (B) a Tier 1 risk-based capital ratio of less than 3% or (C) a leverage ratio of less than 3% and (iii) "critically undercapitalized" if it has a ratio of tangible equity to total assets equal to or less than 2%. An institution may be deemed by the regulators to be in a capitalization category that is lower than is indicated by its actual capital position if, among other things, it receives an unsatisfactory examination rating. At December 31, 1994, all of the Corporation's subsidiary depository institutions were "well capitalized".

FDICIA generally prohibits a depository institution from making any capital distribution (including payment of a cash dividend) or paying any management fees to its holding company if the depository institution is, or would thereafter be, undercapitalized. Undercapitalized depository institutions are subject to growth limitations and are required to submit a capital restoration plan. The federal banking agencies may not accept a capital plan without determining, among other things, that the plan is based on realistic assumptions and is likely to succeed in restoring the depository institution's capital. In addition, for a capital restoration plan to be acceptable, the depository institution's parent holding company must guarantee that the institution will comply with such capital restoration plan. The aggregate liability of the parent holding company under such guarantee is limited to the lesser of (i) an amount equal to 5% of the depository institution's total assets at the time it became undercapitalized, or (ii) the amount which is necessary (or would have been necessary) to bring the institution into compliance with all capital standards applicable to such institution as of the time it fails to comply with the plan. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of other requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Critically undercapitalized institutions are subject to the appointment of a receiver or conservator, generally within 90 days of the date such institution becomes critically undercapitalized. In addition, the FDIC has adopted regulations under FDICIA prohibiting an insured depository institution from accepting brokered deposits (as defined by the regulations) unless the institution is "well capitalized" or is "adequately capitalized" and receives a waiver from the FDIC.

FDICIA also provided for increased funding of the FDIC insurance funds. In addition, the FDIC has implemented a risk-based deposit insurance assessment system under which the assessment rate for an insured institution may vary according to the regulatory capital levels of the institution and other factors (including supervisory evaluations). There is an eight basis point spread between the highest and lowest assessment rates, so that financial institutions classified as strongest by the FDIC are subject to a rate of .23% per $100 of insured deposits, and financial institutions classified as weakest by the FDIC are subject to a rate of .31%. On February 16, 1995, the FDIC proposed a new assessment rate schedule for financial institutions insured by the Bank Insurance Fund ("BIF") of the FDIC, with a spread of .04% to .31%, which is expected to take effect on September 30, 1995. The Corporation believes that the proposed rate schedule, if adopted in its present form, would significantly reduce the deposit premiums that the Bank and Creditcorp currently pay to the FDIC. The FDIC is not expected to reduce assessment rates for SAIF. Consequently, Pioneer does not expect any significant reduction in SAIF assessments.

Capital Requirements. The Corporation and certain of its subsidiaries are subject to regulatory capital guidelines issued by the federal banking agencies. Information with respect to the applicable capital requirements is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (page 31) in the Financial Review section of the Corporation's Annual Report 1994, and is incorporated herein by reference thereto.

FDICIA required each federal banking agency to revise its risk-based capital standards to ensure that those standards take adequate account of interest rate risk, concentration of credit risk and the risk of nontraditional activities, as well as reflect the actual performance and expected risk of loss on multi-family mortgages. In September 1993, the federal banking agencies issued notices of proposed rulemaking soliciting comment on proposed revisions to the risk-based capital rules to take account of interest rate risk. The notices propose alternative approaches for determining the additional amount of capital, if any, that may be required to compensate for interest rate risk. The first approach would reduce an institution's risk-based capital ratios by an amount based on its measured exposure to interest rate risk in excess of a specified threshold. The second approach would assess the need for additional capital on a case-by-case basis, considering both the level of measured exposure and qualitative risk factors. The Corporation cannot assess at this point the impact that such proposals would have on its capital ratios.

STATISTICAL DISCLOSURES -

Guide 3 of the "Guides for the Preparation and Filing of Reports and Registration Statements" under the Securities Act of 1933 sets forth certain statistical disclosures in the "Description of Business" section of bank holding company filings with the Securities and Exchange Commission. The statistical information requested is presented in the tables shown below in the Corporation's Annual Report 1994, which tables are incorporated herein by reference thereto. The tables and information contained therein have been prepared by the Corporation and have not been audited or reported upon by the Corporation's independent accountants.

Information in response to the following applicable sections of Guide 3 is included in the Financial Review section of the Corporation's Annual Report 1994, and is incorporated herein by reference thereto:

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VII.	Short-Term Borrowings	44

ITEM 2. PROPERTIES

A subsidiary of the Bank is the sole general partner in a Hawaii limited partnership which owns all of a city block in downtown Honolulu containing 55,775 square feet. The Bank's interest in the limited partnership is 99.25%. The administrative headquarters of the Corporation and the main branch of the Bank were formerly located on a portion of the city block. The buildings were demolished and the Bank has begun construction of a modern banking center on this city block. The new headquarters building will include 418,000 square feet of gross office space, including the Bank's main branch and administrative headquarters of the Corporation and the Bank. The new building is anticipated to be completed in 1996. Information about the lease financing of the new headquarters building is included in "Note 15. Lease Commitments" (page 49) in the Financial Review section of the Corporation's Annual Report 1994, which is incorporated herein by reference thereto. Commencing in March 1993, the Bank leased approximately 119,000 square feet in another office building for use as an interim administrative headquarters and main branch until completion of the new structure. The interim office building is approximately a block and a half from the old administrative headquarters and main branch.

Seventeen of the Bank's offices in Hawaii are located on land owned in fee simple by the Bank. The other branches of the Bank, Pioneer and Creditcorp are situated in leasehold premises or in buildings constructed by the Bank or Creditcorp on leased land (see "Note 15. Lease Commitments" (pages 49 through 50) in the Financial Review section of the Corporation's Annual Report 1994, which is incorporated herein by reference thereto). In early 1993, the Bank completed construction of an operations center located on 125,919 square feet of land owned in fee simple by the Bank in an industrial area near downtown Honolulu. The Bank occupies all of the four-story building.

The Bank completed construction of a new five-story, 75,000 square foot office building, including a branch, on property owned in fee simple in Maite, Guam to replace its Agana, Guam Branch in late 1994.

ITEM 3. LEGAL PROCEEDINGS

Various legal proceedings are pending against the Corporation or its subsidiaries. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, resulting from these proceedings would not have a material effect on the Corporation's consolidated financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the fiscal year ended December 31, 1994.

EXECUTIVE OFFICERS OF THE REGISTRANT

Listed below are the executive officers of the Corporation with their positions, age and business experience during the past five years:

OFFICER	AGE	BUSINESS EXPERIENCE DURING LAST 5 YEARS (ALL WITH THE CORPORATION AND THE BANK EXCEPT AS OTHERWISE INDICATED)
Walter A. Dods, Jr. Chairman, Chief Executive Officer and Director	53	Chairman of the Board and Chief Executive Officer of the Corporation since 1989; President of the Corporation from 1989 - 1991; Executive Vice President of the Corporation from 1982 - 1989; Director of the Corporation since 1983; Chairman of the Board and Chief Executive Officer of the Bank since 1989; President of the Bank from 1984 - 1989; Director of the Bank since 1979. Mr. Dods has been with the Bank since 1968.
John A. Hoag President and Director	62	President and Director of the Corporation since 1991; Executive Vice President of the Corporation from 1982 - 1991; Vice Chairman of the Bank since July 1994; President of the Bank from 1989 - 1994; Director of the Bank since 1989; Executive Vice President of the Bank from 1979 - 1989. Mr. Hoag has been with the Bank since 1960.
John K. Tsui Vice Chairman	56	Vice Chairman of the Corporation since July 1994; Director, President and Chief Operating Officer of the Bank since July 1994; Director, Chairman and Chief Executive Officer of FHL since December 1994. Mr. Tsui was Executive Vice President of Bancorp Hawaii, Inc. from 1986 - June 1994 and was Vice Chairman of Bank of Hawaii from 1989 - June 1994. Mr. Tsui was with Bancorp Hawaii, Inc. from 1984 - June 1994.
Philip H. Ching Executive Vice President	64	Executive Vice President of the Corporation since 1989; Vice President of the Corporation from 1974 - 1989; Vice Chairman of the Bank since 1991; Executive Vice President of the Bank from 1989 - 1991; Senior Vice President and Administrative Assistant to the Chairman and Chief Executive Officer of the Bank from 1979 - 1989. Mr. Ching has been with the Bank and a trust company acquired by the Bank since 1957.
Donald G. Horner Executive Vice President	44	Executive Vice President of the Corporation since 1989; Vice President of the Corporation from 1987 - 1989; Vice Chairman of the Bank since July 1994; Executive Vice President of the Bank from 1992 - 1994; Chairman of Creditcorp since 1993; Chairman and Chief Executive Officer of Creditcorp from 1992 - 1993; Director of Creditcorp since 1985; President of Creditcorp from 1985 - 1992; Director of FHL since 1983; President of FHL from 1985 - 1994. Mr. Horner has been with the Bank since 1978.

OFFICER	AGE	BUSINESS EXPERIENCE DURING LAST 5 YEARS (ALL WITH THE CORPORATION AND THE BANK EXCEPT AS OTHERWISE INDICATED)
Howard H. Karr Executive Vice President and Treasurer	52	Executive Vice President and Treasurer of the Corporation since 1989; Vice President and Treasurer of the Corporation from 1978 - 1989; Vice Chairman, Chief Financial Officer and Treasurer of the Bank since September 1993; Vice Chairman and Chief Financial Officer of the Bank from 1991 - 1993; Executive Vice President and Chief Financial Officer of the Bank from 1989 - 1991; Senior Vice President and Controller of the Bank from 1979 - 1989. Mr. Karr has been with the Bank since 1973.

There are no family relationships among any of the executive officers of the Corporation. There is no arrangement or understanding between any such executive officer and another person pursuant to which he was elected as an officer. The term of office of each officer is at the pleasure of the Board of Directors of the Corporation.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Required information is included in "Common Stock Information" (page 15) in the Financial Review section of the Corporation's Annual Report 1994, and is incorporated herein by reference thereto.

ITEM 6. SELECTED FINANCIAL DATA

Required information is included in "Summary of Selected Consolidated Financial Data" (page 16) in the Financial Review section of the Corporation's Annual Report 1994, and is incorporated herein by reference thereto.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Required information is included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" (pages 17 through 31) in the Financial Review section of the Corporation's Annual Report 1994, and is incorporated herein by reference thereto.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following information is included in the Financial Review section of the Corporation's Annual Report 1994, which is incorporated herein by reference thereto as follows:

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Required information relating to directors is included in "Election of Directors" and "Directors Continuing in Office and Executive Officers" (pages 3 through 9) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto. Required information relating to executive officers is included in Part I of this Form 10-K in the section entitled "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

Required information is included in "Compensation of Directors" and "Executive Compensation" (pages 9 through 20) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Required information is included in "Outstanding Shares; Voting Rights," "Election of Directors" and "Directors Continuing in Office and Executive Officers" (pages 2 through 8) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Required information is included in "Certain Transactions" (pages 21 and 22) of the Corporation's Proxy Statement, and is incorporated herein by reference thereto.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following financial statements are incorporated by reference in Part II (Item 8) of this Form 10-K:

2. Financial Statement Schedules

Schedules to the consolidated financial statements required by Article 9 of Regulation S-X are not required under the related instructions, or the information is included in the consolidated financial statements, or are inapplicable, and therefore have been omitted.

3. Exhibits

Exhibit 3 (i) Certificate of Incorporation - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 as filed with the Securities and Exchange Commission.

(ii) Bylaws - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the Securities and Exchange Commission.

Exhibit 4 Instruments defining rights of security holders, including indentures.

(i) Equity - Incorporated by reference to Exhibit 3(i) hereto.

(ii) Debt - Indenture, dated as of August 9, 1994 between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee is incorporated by reference to Exhibit 4(ii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the Securities and Exchange Commission.

Exhibit 10 Material contracts

(i) Lease dated September 13, 1967, as amended April 21, 1987, between the Trustees under the Will and of the Estate of Samuel M. Damon, Deceased, and First National Bank of Hawaii (predecessor of the Bank) is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the Securities and Exchange Commission.

(ii) Lease dated May 20, 1982, as amended April 23, 1987, between the Trustees under the Will and of the Estate of Samuel M. Damon, Deceased, and First Hawaiian Bank is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Forms 10-K for the fiscal years ended December 31, 1987, 1985 and 1980 as filed with the Securities and Exchange Commission.

(iii) Lease Agreement dated as of December 1, 1993 between REFIRST, Inc. and First Hawaiian Bank is incorporated by reference to Exhibit 10(iii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the Securities and Exchange Commission.

(iv) Construction Management, Escrow and Development Agreement dated as of December 1, 1993 among REFIRST, Inc., First Hawaiian Bank and First Fidelity Bank, N.A., Pennsylvania is incorporated by reference to Exhibit 10(iv) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the Securities and Exchange Commission.

(v) Ground Lease dated as of December 1, 1993 among First Hawaiian Center Limited Partnership, FH Center, Inc. and REFIRST, Inc. is incorporated by reference to Exhibit 10(v) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the Securities and Exchange Commission.

(vi) Stock Incentive Plan of First Hawaiian, Inc. dated November 22, 1991 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 as filed with the Securities and Exchange Commission.

(vii) Long-Term Incentive Plan of First Hawaiian, Inc. effective January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1991 as filed with the Securities and Exchange Commission.

(viii) First Hawaiian, Inc. Supplemental Executive Retirement Plan, as amended August 18, 1988 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the Securities and Exchange Commission.

(ix) Amendment One to First Hawaiian, Inc. Supplemental Executive Retirement Plan, effective January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the Securities and Exchange Commission.

(x) First Hawaiian, Inc. Incentive Plan for Key Executives, as amended through December 13, 1989 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the Securities and Exchange Commission.

(xi) Directors' Retirement Plan, effective as of January 1, 1992 is incorporated by reference to Exhibit 10 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1992 as filed with the Securities and Exchange Commission.

Exhibit 12 Statement re: computation of ratios.

Exhibit 13 Annual report to security holders - Corporation's Annual Report 1994.

Exhibit 21 Subsidiaries of the registrant.

Exhibit 27 Financial data schedule.

(b) Reports on Form 8-K - No reports on Form 8-K were filed during the last quarter of the fiscal year ended December 31, 1994.

(c) Response to this item is the same as Item 14(a)3.

(d) Response to this item is the same as Item 14(a)2.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRST HAWAIIAN, INC.
(Registrant)

By /s/ HOWARD H. KARR

HOWARD H. KARR
EXECUTIVE VICE PRESIDENT
AND TREASURER

Date: March 16, 1995

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	Title	Date
/s/ WALTER A. DODS, JR. Walter A. Dods, Jr.	Chairman, Chief Executive Officer & Director	March 16, 1995
/s/ JOHN W. A. BUYERS John W. A. Buyers	Director	March 16, 1995
/s/ JOHN C. COUCH John C. Couch	Director	March 16, 1995
/s/ JULIA ANN FROHLICH Julia Ann Frohlich	Director	March 16, 1995
/s/ PAUL MULLIN GANLEY Paul Mullin Ganley	Director	March 16, 1995
/s/ DAVID M. HAIG David M. Haig	Director	March 16, 1995
/s/ JOHN A. HOAG John A. Hoag	President & Director	March 16, 1995
/s/ BERT T. KOBAYASHI, JR. Bert T. Kobayashi, Jr.	Director	March 16, 1995
/s/ RICHARD T. MAMIYA Richard T. Mamiya	Director	March 16, 1995
Fujio Matsuda	Director	
/s/ RODERICK F. McPHEE Roderick F. McPhee	Director	March 16, 1995
/s/ ROBERT J. PFEIFFER Robert J. Pfeiffer	Director	March 16, 1995
/s/ GEORGE P. SHEA, JR. George P. Shea, Jr.	Director	March 16, 1995
/s/ FRED C. WEYAND Fred C. Weyand	Director	March 16, 1995
/s/ ROBERT C. WO Robert C. Wo	Director	March 16, 1995
/s/ HOWARD H. KARR Howard H. Karr	Executive Vice President & Treasurer (Principal financial and accounting officer)	March 16, 1995

EXHIBIT INDEX

Exhibit Number		Description
3	(i)	Certificate of Incorporation - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1990 as filed with the Securities and Exchange Commission.
	(ii)	Bylaws - Incorporated by reference to Exhibit 3 to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1987 as filed with the Securities and Exchange Commission.
4		Instruments defining rights of security holders, including indentures.
	(i)	Equity - Incorporated by reference to Exhibit 3(i) hereto.
	(ii)	Debt - Indenture, dated as of August 9, 1993 between First Hawaiian, Inc. and The First National Bank of Chicago, Trustee is incorporated by reference to Exhibit 4(ii) to the Corporation's Annual Report on Form 10-K for the fiscal year ended December 31, 1993 as filed with the Securities and Exchange Commission.
10		Material contracts
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12 Statement re: computation of ratios.

13 Annual report to security holders - Corporation's Annual Report 1994.

21 Subsidiaries of the registrant.

27 Financial data schedule.

Exhibit 12. Statement re: Computation of Ratios

First Hawaiian, Inc. and Subsidiaries
Computation of Consolidated Ratios of Earnings to Fixed Charges

	YEAR ENDED DECEMBER 31,				
	1994	1993	1992	1991	1990
	(dollars in thousands)				
Income before income taxes and cumulative effect of a change in accounting principle	$111,501	$119,105	$127,880	$120,200	$104,540
Fixed charges:(1)					
Interest expense	179,688	163,541	217,693	270,851	283,676
Capitalized interest	789	1,084	3,732	1,404	-
Rental expense	4,566	2,929	2,069	1,510	851
	185,043	167,554	223,494	273,765	284,527
Less interest on deposits	120,289	129,719	186,725	255,099	271,710
Net fixed charges	64,754	37,835	36,769	18,666	12,817
Earnings, excluding interest on deposits	$176,255	$156,940	$164,649	$138,866	$117,357
Earnings, including interest on deposits	$296,544	$286,659	$351,374	$393,965	$389,067
Ratio of earnings to fixed charges:					
Excluding interest on deposits	2.72 x	4.15 x	4.48 x	7.44 x	9.16 x
Including interest on deposits	1.60 x	1.71 x	1.57 x	1.44 x	1.37 x

(1) For purposes of computing the above ratios, earnings represent income before income taxes and cumulative effect of a change in accounting principle plus fixed charges. Fixed charges, excluding interest on deposits, include interest (other than on deposits), whether expensed or capitalized, and that portion of rental expense (generally one third) deemed representative of the interest factor. Fixed charges, including interest on deposits, include all interest, whether expensed or capitalized, and that portion of rental expense (generally one third) deemed representative of the interest factor.

EXHIBIT 13

CORPORATION'S
ANNUAL REPORT 1994

FIRST HAWAIIAN, INC.

First Hawaiian, Inc. (the "Company") is a registered bank holding company under the Bank Holding Company Act of 1956, as amended, and is incorporated under the laws of the State of Delaware. As a bank holding company, the Company is allowed to acquire or invest in the securities of companies that are engaged in banking or in activities closely related to banking as authorized by the Federal Reserve Board. The Company is also registered with the Office of Thrift Supervision as a savings and loan holding company as a result of its ownership of Pioneer Federal Savings Bank ("Pioneer").

The Company's organization consists of the following wholly-owned subsidiaries:

FIRST HAWAIIAN BANK

First Hawaiian Bank (the "Bank") was founded in 1858 and is the oldest financial institution in Hawaii. The Bank is a full-service bank conducting general commercial and consumer banking business and offering trust services. The Bank's activities include receiving demand, savings and time deposits; making commercial, agricultural, real estate and consumer loans; selling traveler's checks, bank money orders, mutual funds and annuities; issuing letters of credit; handling domestic and foreign collections; renting safe deposit boxes; and providing data processing services to customers.

The Bank's main office is located in Honolulu, Hawaii with 60 other banking offices located throughout the State of Hawaii. It also has two banking offices in Guam, an offshore branch in Grand Cayman, British West Indies, a representative office in Tokyo, Japan and a worldwide network of correspondent banks.

Deposits in the Bank are insured by the Federal Deposit Insurance Corporation (the "FDIC") to the extent, and subject to the limitations, set forth in the Federal Deposit Insurance Act, as amended (the "Act"). The Bank is a State of Hawaii chartered bank and is not a member of the Federal Reserve System.

The Bank also conducts business through the following wholly-owned subsidiaries:

- FH CENTER, INC.

  FH Center, Inc. was organized to own certain real property in connection with the construction of First Hawaiian Center.

- FHB MORTGAGE COMPANY, INC.

  FHB Mortgage Company, Inc. was organized to operate a mortgage brokerage company and is presently doing business as Phoenix Financial Services in Honolulu, Hawaii.

- FIRST HAWAIIAN OVERSEAS CORPORATION

  First Hawaiian Overseas Corporation is engaged in foreign banking investments and activities outside the United States.

- FHB PROPERTIES, INC. AND
  AMERICAN SECURITY PROPERTIES, INC.

  FHB Properties, Inc. and American Security Properties, Inc. were organized to hold title to certain property and premises upon which the Bank's business is conducted.

- FIRST HAWAIIAN DEALER CENTER, INC.

  First Hawaiian Dealer Center, Inc. was organized to engage in the business of automobile financing and related business activities.

PIONEER FEDERAL SAVINGS BANK

Pioneer is a federally chartered savings bank headquartered in Honolulu, Hawaii. Pioneer, chartered in 1890, currently conducts its business through 19 full-service offices located throughout the four major islands of the State of Hawaii.

Pioneer's principal business consists of attracting deposits from the general public through a variety of deposit products. The deposits are insured by the Savings Association Insurance Fund of the FDIC to the extent, and subject to the limitations, set forth in the Act. The deposits, together with borrowings, principally from the Federal Home Loan Bank (the "FHLB") of Seattle, and funds from ongoing operations, are used in the origination of one-to-four family residential mortgage loans and, to a lesser extent, consumer loans and other mortgage loans.

FIRST HAWAIIAN CREDITCORP, INC.

First Hawaiian Creditcorp, Inc. ("Creditcorp") is a financial services loan company operating in the State of Hawaii and in Guam.

The lending activities of Creditcorp are concentrated in both consumer and commercial financing which are primarily collateralized by real estate.

The primary source of funds of Creditcorp is receiving savings and time deposits. Deposits are insured by the FDIC to the extent, and subject to the limitations, set forth in the Act.

Creditcorp has 12 branch offices located throughout the four major islands of the State of Hawaii and a loan production office in Guam.

FIRST HAWAIIAN LEASING, INC.

First Hawaiian Leasing, Inc. is primarily engaged in commercial equipment and vehicle leasing and financing and is also licensed as a financial services loan company in the State of Hawaii.

FHI INTERNATIONAL, INC.

FHI International, Inc. was organized to engage and/or invest in consumer financing services and related activities outside the United States.

The common stock of the Company is traded on The Nasdaq Stock Market under the symbol FHWN. As of December 31, 1994, there were 5,093 holders of record of the Company's common stock. A large number of shares are also held in the names of nominees and brokers for individuals and institutions.

At December 31, 1994, the Company had 516,623 shares of common stock in the treasury stock account. These shares were primarily purchased for issuance under the Company's Incentive Plan for Key Executives and Stock Incentive Plan. Additional information on these plans is provided in Note 11 to the Financial Statements. Future purchases will be dependent upon the requirements of the aforementioned plans and/or authorization by the Board of Directors in appropriate circumstances. These purchases are not expected to have any material effect on the Company's financial position or results of operations.

On December 1, 1993, the Bank purchased certain assets and assumed certain liabilities of GKN, Inc., which did business as Phoenix Financial Services, at a purchase price of $1,000,000 in the form of an exchange for 41,186 newly-issued shares of common stock of the Company.

On August 27, 1992, the Company entered into a merger agreement with Finance Investment Company, Limited whereby the Company acquired FH Center, Inc. and its parcel of land in exchange for 423,077 newly-issued shares of the Company's common stock.

A compilation of certain quarterly and annual per share data is presented below:

	Net Income	Dividends Paid	Market Price High	Market Price Low	Market Price Close
1994					
FIRST QUARTER	$ .58	$ .295	$27 1/4	$24 1/4	$26 1/4
SECOND QUARTER	.59	.295	28 1/2	25 1/2	28 1/2
THIRD QUARTER	.61	.295	31 1/4	28	28
FOURTH QUARTER	.47	.295	28 3/4	23	23 3/4
ANNUAL	$ 2.25	$1.180	31 1/4	23	23 3/4
1993					
First Quarter	$ .67	$ .28	30 1/4	26 3/4	30 1/4
Second Quarter	.68	.28	30 3/4	26 1/2	28
Third Quarter	.57	.28	29 1/2	27	27 1/2
Fourth Quarter	.60	.295	28	23 3/4	24 3/4
Annual	$ 2.52	$1.135	30 3/4	23 3/4	24 3/4
1992	$ 2.70	$1.06	29 3/4	23 1/2	28 3/4
1991	$ 2.55	$ .95	31 1/4	17 3/4	27 3/4
1990	$ 2.45	$ .83	25 3/4	14 1/2	19 3/4

The Company expects to continue its policy of paying quarterly cash dividends. The declaration and payment of cash dividends are subject to the Company's future earnings, capital requirements, financial condition and certain limitations as described in Note 10 to the Financial Statements.

SUMMARY OF SELECTED CONSOLIDATED FINANCIAL DATA   First Hawaiian, Inc. and Subsidiaries

	1994	1993	1992	1991	1990
INCOME STATEMENTS AND DIVIDENDS (in thousands)					
Net interest income	$296,072	$278,222	$268,791	$252,976	$215,532
Provision for loan and lease losses	22,922	13,262	12,812	10,252	9,077
Other operating income	86,672	79,587	69,597	61,963	48,647
Other operating expenses	248,321	225,442	197,696	184,487	150,562
Income taxes	38,990	40,898	40,980	38,490	33,068
Income before cumulative effect of a change in accounting principle	72,511	78,207	86,900	81,710	71,472
Cumulative effect of a change in accounting principle	--	3,650	--	--	--
Net income	$ 72,511	$ 81,857	$ 86,900	$ 81,710	$ 71,472
Cash dividends	$ 38,008	$ 36,821	$ 34,161	$ 30,395	$ 24,463
COMMON STOCK DATA					
Per share:					
Income before cumulative effect of a change in accounting principle	$ 2.25	$ 2.41	$ 2.70	$ 2.55	$ 2.45
Net income	2.25	2.52	2.70	2.55	2.45
Cash dividends	1.18	1.135	1.06	.95	.83
Book value (at December 31)	19.61	18.69	17.30	15.53	13.93
Market price (close at December 31)	23.75	24.75	28.75	27.75	19.75
Average shares outstanding (in thousands)	32,259	32,505	32,225	32,079	29,175
BALANCE SHEETS (in millions)					
Average balances:					
Total assets	$7,200	$6,755	$6,537	$6,007	$5,292
Total earning assets	6,558	6,106	5,966	5,538	4,922
Loans and leases	5,172	4,619	4,358	3,837	3,032
Deposits	5,082	5,069	5,084	5,159	4,686
Stockholders' equity	618	584	526	470	352
At December 31:					
Total assets	7,535	$7,269	$6,553	$6,511	$5,509
Loans and leases	5,534	5,067	4,396	4,329	3,262
Deposits	5,152	5,220	5,088	5,337	4,777
Long-term debt	219	222	71	62	50
Stockholders' equity	628	608	562	498	447
SELECTED RATIOS					
Return on average:					
Total assets	1.01%	1.21%	1.33%	1.36%	1.35%
Total stockholders' equity	11.73	14.01	16.52	17.38	20.29
Dividend payout ratio	52.44	45.04	39.26	37.25	33.88
Average stockholders' equity to average total assets	8.58	8.65	8.05	7.82	6.66
Year ended December 31:					
Net interest margin	4.63	4.69	4.62	4.74	4.59
Net loans and leases charged off to average loans and leases	.46	.27	.27	.13	.11
At December 31:					
Tier 1 leverage ratio	7.51	7.45	7.72	6.80	8.23
Risk-based capital ratios:					
Tier 1	9.31	9.80	10.49	9.03	11.40
Total	12.06	12.84	11.67	10.17	12.42
Allowance for loan and lease losses to total loans and leases	1.11	1.23	1.28	1.27	1.22
Nonperforming assets to total loans and leases and other real estate owned	1.14	1.44	1.65	.90	.09
Allowance for loan and lease losses to nonperforming loans and leases	1.04x	1.03x	.79x	1.49x	25.19x

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OVERVIEW

The Company recorded consolidated net income for 1994 of $72,511,000, a decrease of 11.4% from $81,857,000 for 1993. Net income per share for 1994 was $2.25 compared to $2.52 for 1993.

The lower net income for 1994 was primarily due to a higher provision for loan and lease losses of approximately $9,700,000 attributable to the write-off of certain problem loans and a nonrecurring charge of $5,000,000 to cover estimated losses attributable to investments made in the trust area that were outside of the clients' express investment guidelines. In addition, net income for 1993 included a nonrecurring income tax benefit of $3,650,000 attributable to an income tax accounting change and the $5,444,000 write-off of the undepreciated cost of certain structures in connection with the Company's redevelopment of its former downtown headquarters block.

Net income for 1993 decreased by $5,043,000, or 5.8%, as compared to 1992, reflecting a slowdown in earnings growth caused by the economic recession in Hawaii.

The Company's return on average total assets for 1994 was 1.01% compared to 1.21% for 1993 and 1.33% for 1992. This rate of return has averaged 1.25% for the last five years.

For 1994, the return on average stockholders' equity was 11.73% compared to 14.01% for 1993 and 16.52% for 1992. This rate of return has averaged 15.99% for the last five years.

The Company's asset quality measures improved from 1993 to 1994, with nonperforming assets decreasing to 1.14% of total loans and leases and other real estate owned from 1.44% in 1993. Net charge-offs to average loans and leases increased to .46% for 1994 from .27% for 1993.

The Company's continued commitment to tight expense controls has kept its overhead expense levels below that of its peer group. The Company's efficiency ratio (consisting of other operating expenses as a percentage of total operating revenue and exclusive of nonrecurring items) was 62.4% for 1994, 60.4% for 1993 and 57.3% for 1992.

At December 31, 1994, the Company's ratios of Tier 1 Capital to risk-weighted assets and Total Capital to risk-weighted assets were 9.31% and 12.06%, respectively, compared with 9.80% and 12.84%, respectively, at December 31, 1993. These ratios are well in excess of the minimum ratios of 4.00% and 8.00%, respectively, specified by the Board of Governors of the Federal Reserve System.

RECENT ACQUISITION

On August 6, 1993, the Company acquired Pioneer, a federal savings bank, with $604 million in total assets at the time of acquisition ($760 million as of December 31, 1994). The acquisition was accounted for under the purchase method and, accordingly, is included in the Company's consolidated financial statements from the date of acquisition.

[EARNINGS AND CASH DIVIDENDS PER SHARE CHART]

[RETURN ON AVERAGE TOTAL ASSETS CHART]

[RETURN ON AVERAGE STOCKHOLDERS' EQUITY CHART]

NET INTEREST INCOME

As reflected in Table 1, net interest income, on a taxable equivalent basis, increased $17,031,000, or 5.9%, from $286,393,000 in 1993 to $303,424,000 in 1994. This increase was due to the 7.4% increase in average earning assets (principally as a result of the Pioneer acquisition), offset by a 6 basis point (1% equals 100 basis points) decrease in the net interest margin. Net interest income increased by $10,605,000, or 3.8%, from 1992 to 1993 due to the 2.3% increase in average earning assets (principally as a result of the Pioneer acquisition) and a 7 basis point increase in the net interest margin.

Tables 1 and 2 present an analysis of the components and changes in net interest income for 1994, 1993 and 1992.

In 1994, as a result of increases in prevailing interest rates, the yield on average earning assets increased 21 basis points and the rate paid for sources of funds used for such earning assets increased 27 basis points, which resulted in a decrease in the net interest margin from 4.69% to 4.63%.

In 1993, the yield on average earning assets decreased 93 basis points and the rate paid for the sources of funds used for such earning assets decreased 100 basis points, which resulted in an increase in the net interest margin from 4.62% to 4.69%. The increase in the net interest margin was primarily attributable to the lower interest rate on savings accounts. In 1991, the Bank committed to pay a rate of 5.5% through December 1, 1992 on all savings accounts opened before December 1, 1991. Upon the expiration of this commitment, rates on these savings accounts declined to market rates. As a result, the average interest rate paid on the Company's savings accounts declined from 4.24% in 1992 to 2.04% in 1993.

Average earning assets increased by $452,160,000, or 7.4%, in 1994 over 1993. In addition, the mix of earning assets changed slightly, as the Company increased the amount of higher-yielding loans and leases in its portfolio, from 76% of total earning assets in 1993 to 79% in 1994. Average loans and leases increased by $552,739,000, or 12.0%, from 1993 to 1994, principally as a result of the Pioneer acquisition.

Average earning assets increased by $139,586,000, or 2.3%, in 1993 over 1992. In addition, the mix of earning assets changed slightly, as the Company increased the amount of higher-yielding loans and leases in its portfolio, from 73% of total earning assets in 1992 to 76% in 1993, and reduced the amount of investment securities from 20% of total earning assets in 1992 to 18% in 1993. Average loans and leases increased by $261,038,000, or 6.0%, from 1992 to 1993, principally as a result of the Pioneer acquisition.

During 1994, average interest-bearing deposits and liabilities increased by $469,993,000, or 9.2%, over 1993, principally as a result of the Pioneer acquisition. As reflected in Table 2, the increase in total interest expense of $28,979,000 from 1993 to 1994 was comprised of an increase of $23,624,000 due to higher average balances and an increase of $5,355,000 due to higher interest rates.

Average interest-bearing deposits and liabilities increased by $81,125,000, or 1.6%, from 1992 to 1993, principally as a result of the acquisition of Pioneer's deposits and related interest-bearing liabilities and the issuance of $100,000,000 of subordinated notes to finance the acquisition of Pioneer.

[NET INTEREST INCOME CHART]

[AVERAGE EARNING ASSETS CHART]

TABLE 1: AVERAGE BALANCES, INTEREST INCOME AND EXPENSE, AND YIELDS AND RATES (TAXABLE EQUIVALENT BASIS)

The following table sets forth the condensed consolidated average balance sheets, an analysis of interest income/expense and average yield/rate for each major category of earning assets and interest-bearing deposits and liabilities for the years indicated on a taxable equivalent basis. The tax equivalent adjustment is made for items exempt from Federal income taxes (assuming a 35% tax rate for 1994 and 1993 and 34% for 1992) to make them comparable with taxable items before any income taxes are applied.

	1994			1993			1992		
(dollars in thousands)	AVERAGE BALANCE	INTEREST INCOME/ EXPENSE	YIELD/ RATE	Average Balance	Interest Income/ Expense	Yield/ Rate	Average Balance	Interest Income/ Expense	Yield/ Rate
ASSETS									
Earning assets:									
Interest-bearing deposits in other banks:									
Domestic	$ 12,078	$ 615	5.09%	$ 21,098	$ 633	3.00%	$ 12,316	$ 729	5.92%
Foreign	55,214	2,011	3.64	211,543	6,666	3.15	194,020	9,537	4.92
Total interest-bearing deposits in other banks	67,292	2,626	3.90	232,641	7,299	3.14	206,336	10,266	4.98
Federal funds sold and securities purchased under agreements to resell	127,821	5,179	4.05	160,647	5,097	3.17	235,890	8,323	3.53
Held-to-maturity securities:									
U.S. Treasury and other U.S. Government agencies and corporations	803,544	34,530	4.30	803,096	39,537	4.92	840,485	57,715	6.87
States and political subdivisions	163,769	9,874	6.03	184,678	9,988	5.41	193,870	10,707	5.52
Other	95,793	5,574	5.82	54,476	3,879	7.12	131,186	8,246	6.29
Total held-to-maturity securities	1,063,106	49,978	4.70	1,042,250	53,404	5.12	1,165,541	76,668	6.58
Available-for-sale securities	127,517	6,354	4.98	50,777	1,950	3.84	--	--	--
Loans and leases:(1) (2)									
Domestic	4,953,951	400,003	8.07	4,412,653	352,045	7.98	4,126,715	367,653	8.91
Foreign	218,189	18,972	8.69	206,748	17,307	8.37	231,648	19,661	8.49
Total loans and leases	5,172,140	418,975	8.10	4,619,401	369,352	8.00	4,358,363	387,314	8.89
TOTAL EARNING ASSETS	6,557,876	483,112	7.37	6,105,716	437,102	7.16	5,966,130	482,571	8.09
Cash and due from banks	265,103			298,765			298,818		
Premises and equipment	250,391			230,547			174,288		
Core deposit premium	14,588			13,156			11,903		
Goodwill	79,178			67,678			57,441		
Other assets	33,077			39,390			28,021		
TOTAL ASSETS	$7,200,213			$6,755,252			$6,536,601		

Notes:
(1) Nonaccruing loans and leases have been included in the computations of average loan and lease balances.
(2) Interest income for loans and leases includes loan fees of $29,317, $25,145 and $28,725 for 1994, 1993 and 1992, respectively.

(dollars in thousands)	1994 AVERAGE BALANCE	1994 INTEREST INCOME/ EXPENSE	1994 YIELD/ RATE	1993 Average Balance	1993 Interest Income/ Expense	1993 Yield/ Rate	1992 Average Balance	1992 Interest Income/ Expense	1992 Yield/ Rate
LIABILITIES AND STOCKHOLDERS' EQUITY									
Interest-bearing deposits and liabilities:									
Deposits:									
Interest-bearing demand	$1,127,076	$ 24,282	2.15%	$1,212,630	$ 26,036	2.15%	$1,182,870	$ 34,858	2.95%
Savings	1,230,660	25,545	2.08	1,395,859	28,528	2.04	1,285,884	54,578	4.24
Time	1,640,932	62,675	3.82	1,407,310	58,509	4.16	1,584,905	79,566	5.02
Foreign (interest-bearing)	207,655	7,787	3.75	127,830	3,814	2.98	161,196	6,813	4.23
Total interest-bearing deposits	4,206,323	120,289	2.86	4,143,629	116,887	2.82	4,214,855	175,815	4.17
Short-term borrowings	1,136,361	47,813	4.21	814,843	26,477	3.25	723,731	26,622	3.68
Long-term debt	213,286	11,586	5.43	127,505	7,345	5.76	66,266	4,346	6.56
TOTAL INTEREST-BEARING DEPOSITS AND LIABILITIES	5,555,970	179,688	3.23	5,085,977	150,709	2.96	5,004,852	206,783	4.13
Noninterest-bearing demand deposits	875,907			925,497			869,025		
Other liabilities	149,922			159,403			136,849		
Total liabilities	6,581,799			6,170,877			6,010,726		
Stockholders' equity	618,414			584,375			525,875		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,200,213			$6,755,252			$6,536,601		
NET INTEREST INCOME AND MARGIN ON EARNING ASSETS		303,424	4.63%		286,393	4.69%		275,788	4.62%
Tax equivalent adjustment		7,352			8,171			6,997	
NET INTEREST INCOME		$296,072			$278,222			$268,791	

TABLE 2: ANALYSIS OF CHANGES IN NET INTEREST INCOME (TAXABLE EQUIVALENT BASIS)

The following table analyzes the dollar amount of change (on a taxable equivalent basis) in interest income and expense and the changes in dollar amounts attributable to (a) changes in volume (change in volume times prior year's rates), (b) changes in rates (change in rate times prior year's volume), and (c) changes in rate/volume (change in rate times change in volume). In this table, the dollar change in rate/volume is prorated to volume and rate proportionately. The tax equivalent adjustment is made for items exempt from Federal income taxes (assuming a 35% tax rate for 1994 and 1993 and 34% for 1992) to make them comparable with taxable items before any income taxes are applied.

	1994 COMPARED TO 1993-- INCREASE (DECREASE) DUE TO:			1993 Compared to 1992-- Increase (Decrease) Due to:		
(in thousands)	VOLUME	RATE	NET INCREASE (DECREASE)	Volume	Rate	Net Increase (Decrease)
Interest earned on:						
Interest-bearing deposits in other banks:						
Domestic	$ (494)	$ 476	$ (18)	$ 332	$ (428)	$ (96)
Foreign	(5,325)	670	(4,655)	800	(3,671)	(2,871)
Total interest-bearing deposits in other banks	(5,819)	1,146	(4,673)	1,132	(4,099)	(2,967)
Federal funds sold and securities purchased under agreements to resell	(1,164)	1,246	82	(2,451)	(775)	(3,226)
Held-to-maturity securities:						
U.S. Treasury and other U.S. Government agencies and corporations	22	(5,029)	(5,007)	(2,469)	(15,709)	(18,178)
States and political subdivisions	(1,195)	1,081	(114)	(500)	(219)	(719)
Other	2,509	(814)	1,695	(5,344)	977	(4,367)
Total held-to-maturity securities	1,336	(4,762)	(3,426)	(8,313)	(14,951)	(23,264)
Available-for-sale securities	3,680	724	4,404	1,950	--	1,950
Loans and leases:(1)						
Domestic	43,660	4,298	47,958	24,413	(40,021)	(15,608)
Foreign	980	685	1,665	(2,088)	(266)	(2,354)
Total loans and leases	44,640	4,983	49,623	22,325	(40,287)	(17,962)
Total earning assets	42,673	3,337	46,010	14,643	(60,112)	(45,469)
Interest paid on:						
Deposits:						
Interest-bearing demand	(1,843)	89	(1,754)	857	(9,679)	(8,822)
Savings	(3,422)	439	(2,983)	4,325	(30,375)	(26,050)
Time	9,182	(5,016)	4,166	(8,330)	(12,727)	(21,057)
Foreign (interest-bearing)	2,815	1,158	3,973	(1,239)	(1,760)	(2,999)
Total interest-bearing deposits	6,732	(3,330)	3,402	(4,387)	(54,541)	(58,928)
Short-term borrowings	12,210	9,126	21,336	3,148	(3,293)	(145)
Long-term debt	4,682	(441)	4,241	3,584	(585)	2,999
Total interest-bearing deposits and liabilities	23,624	5,355	28,979	2,345	(58,419)	(56,074)
INCREASE (DECREASE) IN NET INTEREST INCOME (TAXABLE EQUIVALENT BASIS)	$ 19,049	$(2,018)	$ 17,031	$ 12,298	$ (1,693)	$ 10,605

Note:
(1) Interest income for loans and leases included loan fees of $29,317, $25,145 and $28,725 for 1994, 1993 and 1992, respectively.

OTHER OPERATING INCOME

Total other operating income increased $7,085,000, or 8.9%, from $79,587,000 in 1993 to $86,672,000 in 1994.

Trust fees increased $1,446,000, or 6.8%, from 1993 to 1994 and increased $3,230,000, or 17.8%, from 1992 to 1993. These increases were primarily the result of increases in fees from pension plans and irrevocable trusts and investment management fees which were the result of new business. In addition, the increase in investment management fees from 1992 to 1993 was the result of the performance of the stock market which increased the value of assets under management.

Service charges on deposit accounts increased $2,223,000, or 10.2%, from 1993 to 1994 and increased $3,468,000, or 18.9%, from 1992 to 1993. These increases were primarily attributable to increases in fees and service charges on checking accounts by Pioneer.

Other service charges and fees increased $4,277,000, or 15.5%, from 1993 to 1994 and increased $1,302,000, or 4.9%, from 1992 to 1993. These increases were primarily the result of fee income from loan servicing and credit cards, miscellaneous commissions and the Pioneer acquisition.

Securities gains, net decreased $1,777,000, or 90.9%, from 1993 to 1994 and increased $1,794,000, or 1,114.3%, from 1992 to 1993. The Company sold its Fannie Mae and Sallie Mae stocks and recognized a gain of $1,873,000 in 1993.

Components of and changes in other operating income are reflected below for the years indicated:

				1994/93 CHANGE		1993/92 Change	
(in thousands)	1994	1993	1992	AMOUNT	%	Amount	%
Trust income	$22,847	$21,401	$18,171	$ 1,446	6.8%	$3,230	17.8%
Service charges on deposit accounts	24,014	21,791	18,323	2,223	10.2	3,468	18.9
Other service charges and fees	31,937	27,660	26,358	4,277	15.5	1,302	4.9
Securities gains, net	178	1,955	161	(1,777)	(90.9)	1,794	1,114.3
Other	7,696	6,780	6,584	916	13.5	196	3.0
TOTAL OTHER OPERATING INCOME	$86,672	$79,587	$69,597	$7,085	8.9%	$9,990	14.4%

PROVISION AND ALLOWANCE FOR LOAN AND LEASE LOSSES

The provision for loan and lease losses is based upon management's judgment as to the adequacy of the allowance to absorb future losses. In assessing the adequacy of the allowance for loan and lease losses, management's methodology takes into consideration the Company's historical loan loss experience, value and adequacy of collateral, level of nonperforming (nonaccrual and renegotiated) loans and leases, loan concentrations, the growth and composition of the portfolio, review of monthly delinquency reports, results of examinations of individual loans and leases and/or evaluation of the overall portfolio by senior credit personnel, internal auditors, and Federal and State regulatory agencies and general economic conditions. This assessment is performed on a quarterly basis.

The provision for loan and lease losses for 1994 was $22,922,000, an increase of 72.8%, or $9,660,000 over 1993, primarily due to $10,955,000 of charge-offs relating to two Shared National Credits (a commercial loan of $3,551,000 and a Hawaii real estate construction loan of $1,964,000) and a commercial loan of $5,440,000. Net charge-offs in 1994 totalled $23,925,000 compared to $12,619,000 in 1993. Net charge-offs in 1994 and 1993 represented .46% and .27%, respectively, of average outstanding loans and leases.

At December 31, 1994, the allowance for loan and lease losses totalled $61,250,000 and represented 1.11% of total outstanding loans and leases compared to $62,253,000 and 1.23% as of December 31, 1993.

The provision for loan and lease losses in 1993 was $13,262,000, a modest increase of 3.5%, or $450,000, compared to 1992, reflecting the decline in nonperforming assets and stable trend in net charge-offs from 1992 to 1993. Net charge-offs in 1993 totalled $12,619,000 compared to $11,561,000 in 1992.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)   First Hawaiian, Inc. and Subsidiaries

The following sets forth the activity in the allowance for loan and lease losses for the years indicated:

(dollars in thousands)	1994	1993	1992	1991	1990
Loans and leases outstanding (end of year)	$5,533,565	$5,066,809	$4,396,018	$4,329,321	$3,262,000
Average loans and leases outstanding	$5,172,140	$4,619,401	$4,358,363	$3,836,844	$3,032,000
Allowance for loan and lease losses:					
Balance at beginning of year	$ 62,253	$ 56,385	$ 55,134	$ 39,847	$ 34,154
Allowance applicable to loans of purchased company(1)	--	5,225	--	10,141	--
Loans and leases charged off:					
Commercial, financial and agricultural	11,307	3,004	2,110	758	167
Real estate:					
Construction	7,178	4,506	3,932	--	--
Commercial	1,500	125	250	294	200
Residential	588	562	--	--	13
Consumer	6,542	6,839	7,093	5,481	3,461
Lease financing	--	27	25	--	67
Foreign	--	--	--	--	570
Total loans and leases charged off	27,115	15,063	13,410	6,533	4,478
Recoveries on loans and leases previously charged off:					
Commercial, financial and agricultural	1,229	235	349	313	308
Real estate:					
Construction	205	--	--	1	--
Commercial	9	321	1	42	21
Residential	92	207	35	--	46
Consumer	1,639	1,667	1,456	1,066	713
Lease financing	16	14	8	5	6
Total recoveries on loans and leases previously charged off	3,190	2,444	1,849	1,427	1,094
Net charge-offs	(23,925)	(12,619)	(11,561)	(5,106)	(3,384)
Provision charged to expense	22,922	13,262	12,812	10,252	9,077
BALANCE AT END OF YEAR	$ 61,250	$ 62,253	$ 56,385	$ 55,134	$ 39,847
Net loans and leases charged off to average loans and leases	.46%	.27%	.27%	.13%	.11%
Net loans and leases charged off to allowance for loan and lease losses	39.06%	20.27%	20.50%	9.26%	8.49%
Allowance for loan and lease losses to total loans and leases (end of year)	1.11%	1.23%	1.28%	1.27%	1.22%
Allowance for loan and lease losses to nonperforming loans and leases:					
Excluding past due loans and leases	1.04x	1.03x	.79x	1.49x	25.19x
Including past due loans and leases	.66x	.62x	.44x	.86x	4.36x

Note:
(1) Allowances of $5,225 and $10,141 in 1993 and 1991, respectively, were related to the acquisition of Pioneer Federal Savings Bank and First Interstate of Hawaii, Inc. and its primary, wholly-owned subsidiary, First Interstate Bank of Hawaii, respectively.

The Company has allocated a portion of the allowance for loan and lease losses according to the amount deemed to be reasonably necessary to provide for the possibility of losses being incurred within the various loan and lease categories as of December 31 for the years indicated:

(in thousands)	1994 ALLOWANCE AMOUNT	1994 PERCENT OF LOANS/LEASES IN EACH CATEGORY TO TOTAL LOANS/LEASES	1993 Allowance Amount	1993 Percent of Loans/Leases in Each Category to Total Loans/Leases	1992 Allowance Amount	1992 Percent of Loans/Leases in Each Category to Total Loans/Leases
Domestic:						
Commercial, financial and agricultural	$16,610	24%	$13,000	24%	$14,700	27%
Real estate:						
Construction	7,010	6	11,850	7	4,400	10
Commercial	4,700	18	3,400	17	5,400	16
Residential	9,510	36	4,700	35	3,000	28
Consumer	8,040	8	7,500	9	7,100	10
Lease financing	600	4	1,350	4	1,300	4
Foreign	1,085	4	1,600	4	1,700	5
General allowance	13,695	N/A	18,853	N/A	18,785	N/A
CONSOLIDATED	$61,250	100%	$62,253	100%	$56,385	100%

(in thousands)	1991 Allowance Amount	1991 Percent of Loans/Leases in Each Category to Total Loans/Leases	1990 Allowance Amount	1990 Percent of Loans/Leases in Each Category to Total Loans/Leases
Domestic:				
Commercial, financial and agricultural	$14,335	26%	$10,282	27%
Real estate:				
Construction	7,719	11	5,648	9
Commercial	1,785	17	1,394	17
Residential	2,626	25	1,722	21
Consumer	7,121	11	3,710	14
Lease financing	1,367	5	1,431	5
Foreign	500	5	1,153	7
General allowance	19,681	N/A	14,507	N/A
CONSOLIDATED	$55,134	100%	$39,847	100%

[ALLOWANCE AS A % OF LOANS AND LEASES OUTSTANDING CHART]

[YEAR-END ALLOWANCE FOR LOAN AND LEASE LOSSES CHART]

In May, 1993, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 114, "Accounting by Creditors for Impairment of a Loan," which requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the market price or fair value of the collateral if the loan is collateral dependent. SFAS No. 114 is effective for fiscal years beginning after December 15, 1994. The adoption of SFAS No. 114 is not expected to have a material effect on the Company's financial position or results of operations.

OTHER OPERATING EXPENSES

Total other operating expenses for 1994 totalled $248,321,000, an increase of $22,879,000, or 10.1%, from 1993.

Total personnel expenses for 1994 increased $7,927,000, or 7.2%, over 1993. Salaries and wages increased $6,226,000, or 7.2%, reflecting normal merit increases and increased staff levels, and higher workers' compensation, health and payroll tax expenses partly as a result of the Pioneer acquisition in August, 1993.

Occupancy expense increased $2,864,000, or 14.0%, over 1993 as a result of higher rental expense, partly as a result of the Pioneer acquisition.

Equipment expense increased $4,569,000, or 22.6%, over 1993 primarily as a result of higher depreciation, rental expense and maintenance service contracts in connection with the migration from a Unisys to IBM information technology platform and improvements in the delivery and processing systems.

Deposit insurance expense increased a modest $266,000, or 2.4%, over 1993 as the Company continued to shift public deposits into security repurchase agreements which has resulted in annual savings in excess of $1,930,000.

In 1994, the Company recognized a nonrecurring charge of $5,000,000 to cover estimated losses attributable to investments made in the trust area that were outside of the clients' express investment guidelines.

Other expenses increased $6,238,000, or 14.8%, over 1993 primarily as a result of a loss of $1,409,000 on the disposition of certain other real estate owned, higher outside services, utility charges and professional fees, the Pioneer acquisition and lower interest capitalization on construction in progress.

Other operating expenses increased $27,746,000, or 14.0%, from 1992 to 1993. This increase was primarily due to higher personnel expenses and rental expenses, partly as a result of the Pioneer acquisition, higher depreciation, rental expense and maintenance service contracts in connection with the conversion of the computer mainframes and improvements in the delivery and processing systems and the write-off of $5,444,000 for the undepreciated cost of certain structures on the Company's redevelopment block.

Components of and changes in other operating expenses are reflected below for the years indicated:

				1994/93 CHANGE		1993/92 Change	
(in thousands)	1994	1993	1992	AMOUNT	%	Amount	%
Personnel:							
Salaries and wages	$ 92,237	$ 86,011	$ 80,320	$ 6,226	7.2%	$ 5,691	7.1%
Employee benefits	26,484	24,783	21,954	1,701	6.9	2,829	12.9
Total personnel expenses	118,721	110,794	102,274	7,927	7.2	8,520	8.3
Occupancy expense	23,280	20,416	17,021	2,864	14.0	3,395	19.9
Equipment expense	24,812	20,243	18,522	4,569	22.6	1,721	9.3
Deposit insurance	11,388	11,122	11,122	266	2.4	--	--
Stationery and supplies	9,055	8,430	8,922	625	7.4	(492)	(5.5)
Advertising and promotion	7,745	6,911	6,326	834	12.1	585	9.2
Trust loss	5,000	--	--	5,000	--	--	--
Write-off of building costs	--	5,444	--	(5,444)	(100.0)	5,444	--
Other	48,320	42,082	33,509	6,238	14.8	8,573	25.6
TOTAL OTHER OPERATING EXPENSES	$248,321	$225,442	$197,696	$22,879	10.1%	$27,746	14.0%

Effective January 1, 1994, the Company adopted SFAS No. 112, "Employer's Accounting for Postretirement Benefits," which requires that the estimated cost of benefits provided by an employer to former or inactive employees after employment, but before retirement, be accounted for on an accrual basis. The adoption of SFAS No. 112 did not have a material effect on the consolidated financial statements of the Company.

Effective January 1, 1993, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which changed the practice of accounting for postretirement benefits from a cash basis to an accrual basis during the years that the employee renders the necessary service. The Company had been accounting for postretirement medical benefits on an accrual basis. As a result, the adoption of SFAS No. 106 did not have a material effect on the consolidated financial statements of the Company.

INCOME TAXES

The provision for income taxes as shown in the Consolidated Statements of Income represents 35.0% of pre-tax income for 1994, compared with 34.3% and 32.0% for 1993 and 1992, respectively.

On a taxable equivalent basis, the effective tax rate for 1994, 1993 and 1992 was 41.6%, 38.6% and 35.6%, respectively. Additional information on the Company's income taxes is provided in Note 13 to the Financial Statements.

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," the cumulative effect of which was the recognition of an income tax benefit of $3,650,000 in the first quarter of 1993. Under SFAS No. 109, deferred tax assets and liabilities are measured using enacted tax rates scheduled to be in effect at the time the related temporary differences between financial reporting and tax reporting of income and expense are expected to reverse. The effect of changes in tax rates is recognized in income in the period that includes the enactment date. On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law, increasing the Federal corporate tax rate from 34% to 35%, retroactive to January 1, 1993. As a result, the Company recognized retroactive adjustments to its deferred tax liability and current tax provision of $1,520,000 and $402,000, respectively, in the third quarter of 1993.

LOANS

The following table sets forth the loan portfolio by major categories and loan mix as of December 31 for the years indicated:

(in millions)	1994	1993	1992	1991	1990
Domestic:					
Commercial, financial and agricultural	$1,307	$1,209	$1,175	$1,149	$ 883
Real estate:					
Construction	321	317	438	484	283
Commercial	965	883	720	739	555
Residential	2,007	1,786	1,217	1,060	697
Consumer	309	312	326	355	364
Credit cards	159	148	148	142	104
Lease financing	231	201	171	181	149
Foreign:					
Governments and official institutions	1	2	3	22	13
Commercial and industrial	50	79	78	74	79
Other	184	130	120	123	135
TOTAL LOANS AND LEASES	$5,534	$5,067	$4,396	$4,329	$3,262

The loan and lease portfolio is the largest component of earning assets and accounts for the greatest portion of total interest income. At December 31, 1994, total loans and leases were $5,533,565,000, an increase of 9.2% from December 31, 1993, primarily in the real estate categories.

Total loans and leases at December 31, 1994, represented 73.4% of total assets, 80.5% of total earning assets and 107.4% of total deposits compared to 69.7% of total assets, 78.6% of total earning assets and 97.1% of total deposits at December 31, 1993. Governmental and certain other time deposits were shifted into security repurchase agreements at December 31, 1994 and 1993 to reduce the Company's deposit insurance premiums. If these repurchase agreements had been included in the deposit base, total loans and leases as a percentage of total deposits would represent 92.6% and 83.8%, respectively, at such dates.

The Company's real estate loans totalled $3,292,042,000, or 59.5% of total loans at December 31, 1994 and represented an increase of 10.3% over December 31, 1993. The increase was primarily due to an increase in adjustable rate mortgage loans in the Company's portfolio, as interest rates increased in 1994. In 1993, the Company originated more fixed rate loans which were sold to investors.

The Company's primary goal in real estate lending is to maintain reasonable levels of risk by avoiding speculative real estate transactions, such as the financing of raw land acquisitions, by adhering to underwriting guidelines and by closely monitoring general economic conditions impacting local real estate markets.

The Company's multifamily and commercial real estate loans, both construction and permanent, are analyzed on the basis of the economic viability of the specific project or property for which financing is sought as well as the loan-to-value ratio of the real estate securing the financing and the underlying financial strength of the borrower. In its multifamily and commercial real estate lending the Company will generally not lend in excess of 75% of the appraised value of the underlying project or property; it generally also requires a debt service ratio of 1.20. In its single family residential lending, the Company will generally not lend in excess of 80% of the appraised value of the underlying property. Loans made in excess of that limit are generally covered by third party mortgage insurance that reduces the Company's equivalent risk to an 80% loan to appraised value ratio.

Consumer loans consist primarily of automobile secured loans supported by underwriting guidelines which management believes to be conservative and which are based primarily on satisfactory credit history, down payment, and sufficient income to service the monthly payments.

Loan concentrations are considered to exist when there are amounts loaned to multiple borrowers engaged in similar activities which would cause them to be similarly impacted by economic or other conditions. At December 31, 1994, commercial real estate loans totalled $964,758,000, or 17.4%, of total loans and leases. The increase in commercial real estate loans of $82,130,000, or 9.3%, from December 31, 1993 to December 31, 1994 was attributable to a favorable interest rate environment in 1993 which resulted in increased loan commitments in 1993 and increased commercial real estate funding in 1994. While the increased demand for money resulted in the increase of commercial real estate loans in 1994, management believes that the rising interest rate environment of 1994 will have a negative impact on 1995's commercial real estate loan volume. The Company has selectively participated as a lender on commercial properties on the mainland United States, principally on the west coast. Such loans totalled $58,421,000 and $67,642,000 at December 31, 1994 and 1993, respectively. At December 31, 1994, the largest concentration of commercial real estate loans to a single borrower was $28.9 million.

At December 31, 1994, commercial, financial and agricultural, real estate -- construction and foreign loans with maturities over one year were comprised of fixed rate loans totalling $96,599,000 and floating or adjustable rate loans totalling $1,060,657,000.

NONPERFORMING ASSETS AND PAST DUE LOANS

Nonperforming assets and past due loans and leases are reflected below for the years indicated:

(dollars in thousands)	1994	1993	1992	1991	1990
Nonperforming loans and leases:					
Nonaccrual:					
Commercial, financial and agricultural	$ 7,972	$13,823	$24,563	$11,389	$ 504
Real estate:					
Construction	7,038	28,571	41,018	23,298	--
Commercial	35,290	12,145	3,250	2,199	856
Residential:					
Insured, guaranteed, or conventional	4,649	5,473	2,221	--	--
Home equity credit lines	520	255	269	--	--
Total real estate loans	47,497	46,444	46,758	25,497	856
Consumer	143	45	106	86	30
Lease financing	212	--	27	--	--
Total nonaccrual loans and leases	55,824	60,312	71,454	36,972	1,390
Renegotiated:					
Commercial real estate	3,128	--	--	--	--
Commercial, financial and agricultural	--	20	77	136	192
Total nonperforming loans and leases	58,952	60,332	71,531	37,108	1,582
Other real estate owned	4,160	13,034	1,211	1,811	1,248
TOTAL NONPERFORMING ASSETS	$63,112	$73,366	$72,742	$38,919	$2,830
PAST DUE LOANS AND LEASES (1)	$33,367	$40,285	$55,704	$26,726	$7,567
Nonperforming assets to total loans and leases and other real estate owned (end of year):					
Excluding past due loans and leases	1.14%	1.44%	1.65%	.90%	.09%
Including past due loans and leases	1.74%	2.24%	2.92%	1.52%	.32%
Nonperforming assets to total assets (end of year):					
Excluding past due loans and leases	.84%	1.01%	1.11%	.60%	.05%
Including past due loans and leases	1.28%	1.56%	1.96%	1.01%	.19%

Note:
(1) Represents loans and leases which are past due 90 days or more as to principal or interest and which are still accruing interest.

Nonperforming assets at December 31, 1994 were $63,112,000, or 1.14% of total loans and leases and other real estate owned ("OREO") and .84% of total assets. These levels compared to total nonperforming assets at December 31, 1993 of $73,366,000, or 1.44% of total loans and leases and OREO and 1.01% of total assets. The decrease in nonperforming assets of $10,254,000, or 14.0%, was primarily attributable to: (1) the sale of a $10.0 million commercial property classified as OREO (previously transferred in 1993 from real estate construction to OREO as a result of foreclosures); (2) $5.0 million in loan repayments; (3) a $9.1 million real estate construction loan which was returned to accrual status; and (4) charge-offs on two commercial loans and one real estate construction loan totalling $11.0 million. The decrease was offset by the addition to nonaccrual status of three commercial loans totalling $7.3 million, seven residential real estate loans totalling $2.3 million and five commercial real estate loans totalling $22.2 million.

All of the loans which are past due 90 days or more and still accruing interest are in management's judgement adequately collateralized and in the process of collection.

In recent years, the level of the Company's nonperforming assets and charge-offs has been adversely affected by the unusually long recession experienced by the Hawaii economy and weaknesses in the local and California real estate markets. The Company believes that the Hawaii economy is beginning to show signs of improvement, and local real estate markets evidence signs of having stabilized. A significant and sustained improvement in the Hawaii economy and in local real estate markets should have a positive effect on the Company's overall asset quality; however, there can be no assurance that such improvement will result in a significant reduction in the level of nonperforming assets (which consist primarily of commercial real estate loans) or related charge-offs in the near term.

The following table presents information related to loans and leases on a nonaccrual basis for the year ended December 31, 1994:

(in thousands)	Domestic	Foreign	Total
Interest income which would have been recorded if loans and leases had been current	$6,661	$ --	$6,661
Interest income recorded during this year	$1,755	$ --	$1,755

DEPOSITS

Deposits are the largest component of the Company's liabilities and account for the greatest portion of total interest expense. At December 31, 1994, total deposits were $5,152,213,000, a decrease of $67,915,000, or 1.3%, from December 31, 1993. The decrease was primarily attributable to the continuing shifting of public deposits as previously described and customers seeking higher-yielding alternative investments.

For 1994, average deposits increased $13,104,000, or .3%, as compared to 1993. Exclusive of the average deposits of Pioneer for the year ended December 31, 1994, average deposits decreased $213,559,000, or 4.4%.

For 1993, average deposits decreased $14,754,000, or .3%, as compared to 1992. Exclusive of the average deposits of Pioneer for the year ended December 31, 1993, average deposits decreased $177,541,000, or 3.5%. The investment by customers in higher-yielding alternative investments, generally with nonfinancial institutions, and the shift of public deposits contributed to the decrease in average deposits during the last two years.

The following table presents the average amount and average rate paid on deposits for the years indicated:

	1994		1993		1992	
(dollars in millions)	AMOUNT	RATE	Amount	Rate	Amount	Rate
Domestic:						
Noninterest-bearing demand	$ 876	--%	$ 925	--%	$ 869	--%
Interest-bearing demand	1,127	2.15	1,213	2.15	1,183	2.95
Savings	1,231	2.08	1,396	2.04	1,286	4.24
Time	1,641	3.82	1,407	4.16	1,585	5.02
Foreign	207	3.75	128	2.98	161	4.23
TOTAL	$5,082		$5,069		$5,084	

The following table presents the maturity distribution of domestic time certificates of deposits of $100,000 or more at December 31 for the years indicated:

(in millions)	1994	1993	1992
3 months or less	$236	$231	$271
Over 3 months through 6 months	104	66	111
Over 6 months through 12 months	189	97	76
Over 12 months	83	129	100
TOTAL	$612	$523	$558

LIQUIDITY MANAGEMENT

Liquidity refers to the Company's ability to provide sufficient cash flows to fund operations and to meet obligations and commitments on a timely basis at reasonable costs. The Company achieves its liquidity objectives from both assets and liabilities.

Asset-based liquidity is derived from its investment securities portfolio and short-term investments which can be readily converted to cash. These liquid assets consist of cash and due from banks, interest-bearing deposits, Federal funds sold, securities purchased under agreements to resell and investment securities. The aggregate of these assets represented 21.4% of total assets at the end of 1994 compared to 25.0% at the end of 1993. Additional information on off-balance sheet items is presented in Note 16 to the Financial Statements.

Liability-based liquidity is provided primarily from deposits. Average total deposits for 1994 increased $13,104,000, or .3%, to $5,082,230,000. Average total deposits had a five-year annual compound growth rate of 5.1%. Average total deposits for 1994 and 1993 funded 70.6% and 75.0%, respectively, of average total assets. Demand, savings and domestic time deposits under $100,000 -- which the Company considers its core deposits because of their historical stability and relatively low cost -- constituted 82.9% of total deposits at December 31, 1994 and 82.7% at December 31, 1993.

Additional liquidity was provided from short-term borrowings, which consisted of commercial paper issued by the Company, Federal funds purchased and securities sold under agreements to repurchase, lines of credit from other banks and credit facilities from the FHLB. Additional information on short-term borrowings is provided in Note 7 to the Financial Statements. Also, the Company has access to offshore deposits in the international market which provides another available source of funds.

The Company's commercial paper is assigned a rating of A2 by Standard & Poor's ("S&P"). The Company's long-term debt is assigned a rating of Baa-1 by Moody's and BBB+ by S&P. The Company currently has a BankWatch rating of B.

As indicated in the Consolidated Statements of Cash Flows, net cash provided by operating and financing activities was $269,736,000 and net cash used in investing activities was $435,989,000 for 1994. For 1993, net cash provided by operating and financing activities was $197,721,000 and net cash used in investing activities was $87,251,000. For 1992, net cash provided by operating activities was $135,647,000 and net cash used in investing and financing activities was $163,974,000.

The Company's ability to pay dividends depends primarily upon dividends and other payments from its subsidiaries, which are subject to certain limitations as described in Note 10 to the Financial Statements.

ASSET/LIABILITY MANAGEMENT

The Company actively measures and manages its exposure to interest rate risk in order to maintain relatively stable net interest margins and to allow it to take advantage of profitable business opportunities.

Interest rate risk refers to the exposure to earnings and capital arising from changes in future interest rates. The Company carefully measures and monitors its interest rate risk exposure using gap analysis, market value of equity analysis, and net interest income computer simulations. The net interest income simulations are usually done on a quarterly basis, or more frequently if there have been major changes to the balance sheet. These simulations look at how the Company's net interest income is affected from flat, rising, or declining rates using the current balance sheet and simulating net interest income going forward two years. Under these simulations, at December 31, 1994, the Company's exposure to changes in interest rates was well within current guidelines which allow for no more than a 10% adverse change in net interest income for a 1% change in rates over one year.

Interest rate risk exposure is managed through the use of off-balance sheet instruments such as swaps or floors and through extending or shortening the duration of the investment securities portfolio.

INTEREST RATE SENSITIVITY

The Company's interest rate sensitivity position as of December 31, 1994, is presented below. The interest rate sensitivity gap, shown at the bottom of the table, refers to the difference between assets and liabilities subject to repricing, maturity, runoff and/or volatility during a specified period. The gap is adjusted for interest rate swaps which are hedging certain assets or liabilities on the balance sheet. (For ease of analysis, all of the off-balance sheet adjustments are consolidated into one line on the gap table.)

Since all interest rates and yields do not adjust at the same velocity or magnitude, and since volatility is subject to change, the gap is only a general indicator of interest rate sensitivity. At December 31, 1994, the cumulative one-year gap for the Company was a negative $17.4 million, representing .23% of total assets. This remains well within the Company's current guidelines of +/-10% of total assets for the cumulative one-year gap. Because of the current asset and liability mix, a change in interest rates is not expected to have a material impact on the net interest margin or liquidity of the Company.

(dollars in thousands)	0-3 Months	4-12 Months	1-5 Years	Over 5 Years	Total
Assets:					
Interest-bearing deposits in other banks	$ 11,670	$ --	$ --	$ --	$ 11,670
Federal funds sold and securities purchased under agreements to resell	180,000	--	--	--	180,000
Investment securities	377,368	443,478	310,113	16,920	1,147,879
Net loans and leases:					
Commercial, financial and agricultural	1,000,725	166,391	111,653	28,376	1,307,145
Real estate -- construction	264,951	31,714	24,118	--	320,783
Foreign	79,452	85,191	54,168	17,153	235,964
Other	1,235,867	1,312,505	702,413	418,888	3,669,673
Total earning assets	3,150,033	2,039,279	1,202,465	481,337	6,873,114
Noninterest-earning assets	176,000	--	--	486,030	662,030
Total assets	$ 3,326,033	$ 2,039,279	$1,202,465	$ 967,367	$7,535,144
Liabilities and stockholders' equity:					
Interest-bearing deposits	$ 3,306,409	$ 687,412	$ 263,515	$ 33,008	$4,290,344
Noninterest-bearing deposits	60,903	--	--	800,966	861,869
Short-term borrowings	940,684	378,598	10,534	--	1,329,816
Long-term debt	50,500	6,500	60,553	101,778	219,331
Stockholders' equity	--	--	--	627,944	627,944
Off-balance sheet adjustment	(69,174)	(34,105)	25,887	77,392	--
Noninterest-bearing liabilities	54,963	--	--	150,877	205,840
Total liabilities and stockholders' equity	$ 4,344,285	$ 1,038,405	$ 360,489	$ 1,791,965	$7,535,144
Interest sensitivity gap	$(1,018,252)	$ 1,000,874	$ 841,976	$ (824,598)	
Cumulative gap	$(1,018,252)	$ (17,378)	$ 824,598	$ --	
Cumulative gap as a percent of total assets	(13.51)%	(.23)%	10.94%	--%	

LEASE COMMITMENT

In December, 1993, the Company entered into a noncancelable agreement to lease a certain office building that is currently under construction on the site of its former downtown headquarters block, which it owns in fee simple. Concurrently, the Company entered into a ground lease of the land to the lessor of the building. Rent obligation for the building will commence on December 1, 1996 and will expire on December 1, 2003. The lease agreement is not anticipated to have an adverse impact on the results of operations in the future. Additional information on the lease agreement is provided in Note 15 to the Financial Statements.

CAPITAL REQUIREMENTS

Bank holding companies are required to comply with risk-based capital guidelines as established by the Federal Reserve Board. The guidelines define qualifying capital (Tier 1 Capital and Total Capital) and risk-weighted assets. Tier 1 Capital includes stockholders' equity less unrealized valuation adjustment and goodwill and, beginning in 1993, all other intangibles, subject to certain exceptions described below.

Total Capital includes, in addition to Tier 1 Capital, subordinated and other qualifying term debt and a portion of the allowance for loan and lease losses. The Tier 1 component must comprise at least 50% of qualifying Total Capital. Risk-based capital ratios are calculated with reference to risk-weighted assets which include both on- and off-balance sheet exposures. A company's risk-based capital ratio is calculated by dividing its qualifying capital (the numerator of the ratio) by its risk-weighted assets (the denominator). The minimum required qualifying Total Capital ratio is 8%, of which at least 4% must consist of Tier 1 Capital.

In addition, bank holding companies are required to maintain a minimum leverage ratio of Tier 1 Capital to average quarterly total assets (net of goodwill and other intangibles, subject to certain exceptions). The Federal Reserve Board has stated that the minimum leverage ratio is 3% for the most highly rated banking organizations which are not experiencing or anticipating significant growth. Other banking organizations are expected to maintain leverage ratios of at least one to two percent higher.

The following tables present the Company's regulatory capital position at December 31, 1994:

RISK-BASED CAPITAL RATIOS

(dollars in thousands)	AMOUNT	RATIO
Tier 1 Capital	$ 546,256	9.31%
Tier 1 Capital minimum requirement	234,651	4.00
EXCESS	$ 311,605	5.31%
Total Capital	$ 707,506	12.06%
Total Capital minimum requirement	469,302	8.00
EXCESS	$ 238,204	4.06%
RISK-WEIGHTED ASSETS	$5,866,257	

LEVERAGE RATIO

(dollars in thousands)	AMOUNT	RATIO
Tier 1 Capital to average quarterly total assets (net of certain intangibles) (Tier 1 Leverage Ratio)	$ 546,256	7.51%
Minimum leverage requirement	218,144	3.00
EXCESS	$ 328,112	4.51%
AVERAGE QUARTERLY TOTAL ASSETS (NET OF CERTAIN INTANGIBLES)	$7,271,468	

SUMMARY OF QUARTERLY FINANCIAL DATA First Hawaiian, Inc. and Subsidiaries
(UNAUDITED)

FOURTH QUARTER RESULTS

Earnings for the fourth quarter of 1994 were $14,997,000, a decrease of $4,381,000, or 22.6%, from the $19,378,000 earned during the same quarter in 1993. Earnings per share for the fourth quarter of 1994 were down 21.7% to $.47, compared to the $.60 for the year-earlier period. The decrease was due primarily to a nonrecurring charge of $5,000,000 to cover estimated losses attributable to investments made in the trust area that were outside of the clients' express investment guidelines and a higher provision for loan and lease losses of $6,000,000, primarily attributable to the write-off of a commercial loan of $5,440,000 previously mentioned. These two charges reduced fourth quarter net income by approximately $6.3 million, or $.19 per share.

A summary of unaudited quarterly financial data for 1994 and 1993 is presented below:

	Quarter				
(in thousands, except per share data)	First	Second	Third	Fourth	Annual Total
1994					
INTEREST INCOME	$110,044	$114,560	$120,925	$130,231	$475,760
INTEREST EXPENSE	38,961	41,560	44,649	54,518	179,688
NET INTEREST INCOME	71,083	73,000	76,276	75,713	296,072
PROVISION FOR LOAN AND LEASE LOSSES	3,843	3,288	6,548	9,243	22,922
OTHER OPERATING INCOME	23,069	21,099	21,105	21,399	86,672
OTHER OPERATING EXPENSES	61,404	61,578	60,489	64,850	248,321
INCOME BEFORE INCOME TAXES	28,905	29,233	30,344	23,019	111,501
INCOME TAXES	10,168	10,233	10,567	8,022	38,990
NET INCOME	$ 18,737	$ 19,000	$ 19,777	$ 14,997	$ 72,511
NET INCOME PER SHARE	$.58	$.59	$.61	$.47	$2.25
1993					
Interest income	$105,746	$104,869	$107,970	$110,346	$428,931
Interest expense	38,547	35,538	37,417	39,207	150,709
Net interest income	67,199	69,331	70,553	71,139	278,222
Provision for loan and lease losses	3,903	2,903	3,213	3,243	13,262
Other operating income	17,992	20,003	20,837	20,755	79,587
Other operating expenses	55,586	53,714	57,029	59,113	225,442
Income before income taxes and cumulative effect of a change in accounting principle	25,702	32,717	31,148	29,538	119,105
Income taxes	7,706	10,614	12,418	10,160	40,898
Cumulative effect of a change in accounting principle	3,650	--	--	--	3,650
Net income	$ 21,646	$ 22,103	$ 18,730	$ 19,378	$ 81,857
Per share:					
Income before cumulative effect of a change in accounting principle	$.56	$.68	$.57	$.60	$2.41
Net income	$.67	$.68	$.57	$.60	$2.52

INVESTMENT SECURITIES BY MATURITIES AND WEIGHTED AVERAGE YIELDS

The following table presents the maturities of held-to-maturity investment securities, excluding securities which have no stated maturity at December 31, 1994, and the weighted average yields (for obligations exempt from Federal income taxes on a taxable equivalent basis assuming a 35% tax rate) of such securities. The tax equivalent adjustment is made for items exempt from Federal income taxes to make them comparable with taxable items before any income taxes are applied.

	MATURITY									
	WITHIN ONE YEAR		AFTER ONE BUT WITHIN FIVE YEARS		AFTER FIVE BUT WITHIN TEN YEARS		AFTER TEN YEARS		TOTAL	
	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD
	(dollars in millions)									
U.S. Treasury and other U.S. Government agencies and corporations	$ 404	4.21%	$ 177	4.60%	$ 36	4.73%	$ 124	5.21%	$ 741	4.43%
States and political subdivisions	93	8.21	60	7.56	1	5.96	1	5.67	155	7.93
Other	--	--	18	6.63	--	--	29	7.06	47	6.89
Total	$ 497	4.97%	$ 255	5.44%	$ 37	4.76%	$ 154	5.21%	$ 943	5.13%

Note:
The weighted average yields were calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security.

The following table presents the maturities of available-for-sale investment securities, excluding securities which have no stated maturity at December 31, 1994, and the weighted average yields (for obligations exempt from Federal income taxes on a taxable equivalent basis assuming a 35% tax rate) of such securities. The tax equivalent adjustment is made for items exempt from Federal income taxes to make them comparable with taxable items before any income taxes are applied.

	MATURITY									
	WITHIN ONE YEAR		AFTER ONE BUT WITHIN FIVE YEARS		AFTER FIVE BUT WITHIN TEN YEARS		AFTER TEN YEARS		TOTAL	
	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD	AMOUNT	YIELD
	(dollars in millions)									
U.S. Treasury and other U.S. Government agencies and corporations	$ --	--%	$50	6.23%	$ --	--%	$26	6.66%	$ 76	6.37%
States and political subdivisions	--	--	--	--	--	--	12	7.15	12	7.15
Other	--	--	15	5.24	--	--	51	5.23	66	5.23
Total	$ --	--%	$65	6.00%	$ --	--%	$89	5.90%	$154	5.94%

Note:
The weighted average yields were calculated on the basis of the cost and effective yields weighted for the scheduled maturity of each security.

TO THE STOCKHOLDERS
FIRST HAWAIIAN, INC.

We have audited the accompanying consolidated balance sheets of First Hawaiian, Inc. and Subsidiaries as of December 31, 1994 and 1993, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of First Hawaiian, Inc. and Subsidiaries as of December 31, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994 in conformity with generally accepted accounting principles.

As discussed in Notes 2 and 13 to the financial statements, the Company changed its method of accounting for certain investments in debt and equity securities and income taxes, respectively, in 1993.

[SIGNATURE: COOPERS & LYBRAND L.L.P.]

Honolulu, Hawaii
January 18, 1995

(in thousands, except number of shares and per share data)	December 31, 1994	1993
ASSETS		
Cash and due from banks	$ 269,876	$ 436,129
Interest-bearing deposits in other banks	11,670	116,736
Federal funds sold and securities purchased under agreements to resell	180,000	35,000
Investment securities:		
Held-to-maturity (fair value of $981,651 in 1994 and $1,144,327 in 1993) (note 2)	995,887	1,132,025
Available-for-sale (note 2)	151,992	98,453
Loans and leases:		
Loans and leases (note 3)	5,533,565	5,066,809
Less allowance for loan and lease losses (note 4)	61,250	62,253
Net loans and leases	5,472,315	5,004,556
Premises and equipment (note 5)	238,356	233,487
Customers' acceptance liability	732	854
Core deposit premium (net of accumulated amortization of $4,203 in 1994 and $3,026 in 1993) (note 1)	13,722	15,380
Goodwill (net of accumulated amortization of $9,866 in 1994 and $6,348 in 1993) (note 1)	78,896	81,231
Other assets	121,698	115,280
TOTAL ASSETS	$7,535,144	$7,269,131
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits:		
Noninterest-bearing demand	$ 861,869	$ 974,478
Interest-bearing demand	1,160,219	1,143,037
Savings	1,226,877	1,507,200
Time (fair value of $1,508,630 in 1994 and $1,352,925 in 1993) (note 6)	1,503,347	1,343,841
Foreign (fair value of $400,900 in 1994 and $252,715 in 1993) (note 6)	399,901	251,572
Total deposits	5,152,213	5,220,128
Short-term borrowings (note 7)	1,329,816	1,069,682
Acceptances outstanding	732	854
Other Liabilities	205,108	148,331
Long-term debt (note 8)	219,331	221,767
Total liabilities	6,907,200	6,660,762
Commitments and contingent liabilities (notes 11, 15 and 16)		
Stockholders' equity:		
Common stock $5 par value (notes 9 and 11) Authorized--100,000,000 shares Issued--32,542,797 shares in 1994 and 1993	162,713	162,713
Surplus	133,820	133,820
Retained earnings (note 10)	346,339	311,836
Unrealized valuation adjustment	(1,033)	--
Treasury stock--516,623 shares in 1994	(13,895)	--
Total stockholders' equity	627,944	608,369
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,535,144	$7,269,131

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME First Hawaiian, Inc. and Subsidiaries

(in thousands, except number of shares and per share data)	Year Ended December 31, 1994	1993	1992
INTEREST INCOME			
Interest and fees on loans	$407,531	$355,961	$372,489
Lease financing income	10,844	12,722	14,259
Interest on investment securities:			
Taxable interest income	45,248	44,667	64,542
Exempt from Federal income taxes	4,332	3,185	5,695
Other interest income	7,805	12,396	18,589
Total interest income	475,760	428,931	475,574
INTEREST EXPENSE			
Deposits (note 6)	120,289	116,887	175,815
Short-term borrowings	47,813	26,477	26,622
Long-term debt	11,586	7,345	4,346
Total interest expense	179,688	150,709	206,783
Net interest income	296,072	278,222	268,791
Provision for loan and lease losses (note 4)	22,922	13,262	12,812
Net interest income after provision for loan and lease losses	273,150	264,960	255,979
OTHER OPERATING INCOME			
Trust income	22,847	21,401	18,171
Service charges on deposit accounts	24,014	21,791	18,323
Other service charges and fees	31,937	27,660	26,358
Securities gains, net (note 2)	178	1,955	161
Other	7,696	6,780	6,584
Total other operating income	86,672	79,587	69,597
OTHER OPERATING EXPENSES			
Salaries and wages	92,237	86,011	80,320
Employee benefits (note 11)	26,484	24,783	21,954
Occupancy expense (notes 5 and 15)	23,280	20,416	17,021
Equipment expense (notes 5 and 15)	24,812	20,243	18,522
Other (note 12)	81,508	73,989	59,879
Total other operating expenses	248,321	225,442	197,696
Income before income taxes and cumulative effect of a change in accounting principle	111,501	119,105	127,880
INCOME TAXES (note 13)			
Provision before effect of change in tax rate	38,990	38,976	40,980
Adjustment to deferred tax liability and current tax provision for change in tax rate	--	1,922	--
Total income taxes	38,990	40,898	40,980
Income before cumulative effect of a change in accounting principle	72,511	78,207	86,900
Cumulative effect of a change in accounting principle (note 13)	--	3,650	--
NET INCOME	$ 72,511	$ 81,857	$ 86,900
PER SHARE DATA			
Income before cumulative effect of a change in accounting principle	$2.25	$2.41	$2.70
Cumulative effect of a change in accounting principle	--	.11	--
NET INCOME	$2.25	$2.52	$2.70
CASH DIVIDENDS	$1.18	$1.135	$1.06
AVERAGE SHARES OUTSTANDING	32,259,321	32,505,109	32,225,339

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

First Hawaiian, Inc. and Subsidiaries and First Hawaiian, Inc. (Parent Company)

(in thousands, except number of shares and per share data)	Common Stock				Unrealized	
	Shares	Amount	Surplus	Retained Earnings	Valuation Adjustment	Treasury Stock
Balance, December 31, 1991	32,078,534	$160,392	$123,849	$214,061	$ --	$ --
Net income--1992	--	--	--	86,900	--	--
Incentive Plan for Key Executives (note 11)	--	--	155	--	--	--
Cash dividends ($1.06 per share) (note 10)	--	--	--	(34,161)	--	--
Issuance of common stock (note 9)	423,077	2,115	8,885	--	--	--
Balance, December 31, 1992	32,501,611	162,507	132,889	266,800	--	--
Net income--1993	--	--	--	81,857	--	--
Incentive Plan for Key Executives (note 11)	--	--	137	--	--	--
Cash dividends ($1.135 per share) (note 10)	--	--	--	(36,821)	--	--
Issuance of common stock (note 9)	41,186	206	794	--	--	--
Balance, December 31, 1993	32,542,797	162,713	133,820	311,836	--	--
Net income--1994	--	--	--	72,511	--	--
Purchase of treasury stock	--	--	--	--	--	(13,895)
Cash dividends ($1.18 per share) (note 10)	--	--	--	(38,008)	--	--
Unrealized valuation adjustment (note 2)	--	--	--	--	(1,033)	--
BALANCE, DECEMBER 31, 1994	32,542,797	$162,713	$133,820	$346,339	$(1,033)	$(13,895)

The accompanying notes are an integral part of these consolidated financial statements.

(in thousands)	YEAR ENDED DECEMBER 31, 1994	1993	1992
CASH AND DUE FROM BANKS AT BEGINNING OF YEAR	$ 436,129	$ 325,659	$ 353,986
Cash flows from operating activities:			
Net income	72,511	81,857	86,900
Provision for loan and lease losses	22,922	13,262	12,812
Depreciation and amortization	24,766	20,765	19,157
Income taxes	6,826	(5,415)	21,682
Adjustment to deferred tax liability and current tax provision for change in tax rate	--	1,922	--
Cumulative effect of a change in accounting principle	--	(3,650)	--
Decrease (increase) in interest receivable	(7,646)	170	9,043
Increase (decrease) in interest payable	7,956	1,424	(10,083)
Decrease (increase) in prepaid expenses	2,184	(1,031)	(3,864)
Write-off of building costs	--	5,444	--
Other	--	20,136	--
Net cash provided by operating activities	129,519	134,884	135,647
Cash flows from investing activities:			
Net decrease in interest-bearing deposits in other banks	105,066	39,580	35,716
Net decrease (increase) in Federal funds sold and securities purchased under agreements to resell	(145,000)	370,000	(235,136)
Purchase of held-to-maturity investment securities	(240,706)	(940,385)	(704,746)
Proceeds from sale of held-to-maturity investment securities	248,758	322,315	402,201
Proceeds from maturity of held-to-maturity investment securities	128,086	498,858	576,855
Purchase of available-for-sale investment securities	(115,032)	(263,828)	--
Proceeds from sale of available-for-sale investment securities	15,195	137,709	--
Proceeds from maturity of available-for-sale investment securities	45,265	27,666	--
Net increase in loans and leases to customers	(493,871)	(166,146)	(80,107)
Capital expenditures	(29,652)	(60,067)	(65,484)
Purchase of Pioneer Fed BanCorp, Inc., net of cash acquired of $18,157	--	(68,950)	--
Other	45,902	15,997	(29,661)
Net cash used in investing activities	(435,989)	(87,251)	(100,362)
Cash flows from financing activities:			
Net decrease in deposits	(67,915)	(293,973)	(248,534)
Net increase in short-term borrowings	237,134	309,631	209,743
Proceeds from long-term debt	21,500	108,000	10,000
Payments on long-term debt	(936)	(21,525)	(508)
Cash dividends paid	(38,008)	(36,821)	(34,161)
Purchase of common stock for issuance under Incentive Plan for Key Executives and Stock Incentive Plan	(11,558)	(2,475)	(152)
Net cash provided by (used in) financing activities	140,217	62,837	(63,612)
CASH AND DUE FROM BANKS AT END OF YEAR	$ 269,876	$ 436,129	$ 325,659
Supplemental disclosures:			
Interest paid	$ 171,732	$ 160,551	$ 227,776
Net income taxes paid	$ 24,311	$ 40,945	$ 19,298

The accompanying notes are an integral part of these consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of First Hawaiian, Inc. and Subsidiaries (the "Company") conform with generally accepted accounting principles and practices within the banking industry. The following is a summary of the significant accounting policies:

RECLASSIFICATIONS

Certain reclassifications were made to the 1993 and 1992 Consolidated Statements of Income to conform to the 1994 presentation. Such reclassifications did not have a material effect on the Consolidated Statements of Income.

CONSOLIDATION

The consolidated financial statements of the Company include the accounts of First Hawaiian, Inc. (the "Parent") and its wholly-owned subsidiary companies -- First Hawaiian Bank and its wholly-owned subsidiaries (the "Bank"); Pioneer Federal Savings Bank ("Pioneer") and its wholly-owned subsidiary; First Hawaiian Creditcorp, Inc. ("Creditcorp"); First Hawaiian Leasing, Inc. ("Leasing"); and FHI International, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

INVESTMENT SECURITIES

Investment securities consist principally of debt instruments issued by the U.S. Treasury and other U.S. Government agencies and corporations, state and local government units and asset-backed securities.

Investments in and obligations to individual counterparties are presented as net amounts in the consolidated financial statements of the Company only if the conditions specified in Financial Accounting Standards Board ("FASB") Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts," are met. No such netting occurred as of December 31, 1994.

As of December 31, 1993, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities." In accordance with SFAS No. 115, investment securities are classified in three categories and accounted for as follows: (1) held-to-maturity securities are debt securities, which the Company has the positive intent and ability to hold to maturity, and are reported at amortized cost; (2) trading securities are debt securities that are bought and held principally for the purpose of selling them in the near term and are reported at fair value, with unrealized gains and losses included in current earnings; and (3) available-for-sale securities are debt securities not classified as either held-to-maturity securities or trading securities and are reported at fair value, with unrealized gains and losses excluded from current earnings and reported in a separate component of stockholders' equity.

Certain securities which could be liquidated prior to their respective maturities under certain circumstances have been classified as available-for-sale. Unrealized gains or losses are reflected as changes to the capital account.

Prior to December 31, 1993, because the Company had both the ability and the intent to hold the investment securities to maturity, they were carried at cost, adjusted for amortization of premiums and accretion of discounts.

Gains and losses realized on the sales of investment securities are determined using the specific identification method.

LOANS AND LEASE FINANCING

Loans are stated at their principal outstanding amounts, net of any unearned discounts. Interest income on loans is accrued and recognized on the principal amount outstanding.

Loan origination fees and substantially all loan commitment fees are deferred and accounted for as an adjustment of the yield.

Lease financing transactions consist of two types:

(1) Equipment without outside financing is accounted for using the direct financing method with income recognized over the life of the lease based upon a constant periodic rate of return on the net investment in the lease.

(2) Leveraged lease transactions are subject to outside financing through one or more participants, without recourse to the Company. These transactions are accounted for by recording as the net investment in each lease the aggregate of rentals receivable (net of principal and interest on the related nonrecourse debt) and estimated residual value of the equipment less the unearned income. Income from these lease transactions is recognized during the periods in which the net investment is positive.

Loans and leases are placed on nonaccrual status when serious doubt exists as to the collectibility of the principal and/or interest. When loans are placed on nonaccrual status, any accrued and unpaid interest is reversed against interest income of the current period. Interest payments received on nonaccrual loans and leases are applied as a reduction of the principal when concern exists as to the ultimate collection of the principal; otherwise, such payments are recorded as income. Loans and leases are removed from nonaccrual status when they become current as to both principal and interest and when concern no longer exists as to the collectibility of principal and interest.

ALLOWANCE FOR LOAN AND LEASE LOSSES

The allowance for loan and lease losses (the "Allowance") is maintained at a level which, in management's judgment, is adequate to absorb future losses. Estimates of future loan and lease losses involve judgment and assumptions as to various factors which, in management's judgment, deserve current recognition in estimating such losses and in determining the adequacy of the Allowance. Principal factors considered by management include the historical loss experience, the value and adequacy of collateral, the level of nonperforming (nonaccrual and renegotiated) loans and leases, loan concentrations, the growth and composition of the portfolio, the review of monthly delinquency reports, the results of examinations of individual loans and leases and/or evaluation of the overall portfolio by senior credit personnel, internal auditors, and Federal and State regulatory agencies and general economic conditions.

The Allowance is reduced by loans and leases charged off when collectibility becomes doubtful and the underlying collateral, if any, is considered inadequate to liquidate the outstanding debt. Recoveries on loans and leases previously charged off are added to the Allowance.

OTHER REAL ESTATE OWNED

Other real estate owned, included in other assets, is comprised of properties acquired primarily through foreclosure proceedings. When acquired, these properties are valued at fair value which establishes the new cost basis of other real estate owned. Losses arising at the time of acquisition of such properties are charged against the Allowance. Subsequent to acquisition, such properties are carried at the lower of cost or fair value less estimated selling costs. Write-downs of such properties subsequent to the date of acquisition are included in other operating expenses.

PREMISES AND EQUIPMENT

Premises and equipment, including leasehold improvements, are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of 10-40 years for premises, 3-13 years for equipment and the lease term for leasehold improvements.

CORE DEPOSIT PREMIUM AND GOODWILL

The core deposit premium is being amortized on the straight-line method over various lives ranging from 9 to 20 years. The excess of the purchase price over the fair value of the net assets acquired is accounted for as goodwill and is being amortized on the straight-line method over 25 years.

INCOME TAXES

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," which requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income tax liabilities and assets are determined based on the difference between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse.

Prior to January 1, 1993, the provision for income taxes was based on taxable income and expenses reported in the Consolidated Statements of Income, in accordance with Accounting Principles Board Opinion No. 11, rather than amounts currently payable under tax laws.

Excise tax credits relating to premises and equipment are accounted for under the flow-through method which recognizes the benefit in the year the asset is placed in service. The investment and excise tax credits related to lease equipment, except for investment and excise tax credits that are passed on to lessees, are recognized during the periods in which the net investment is positive.

A consolidated Federal income tax return is filed for the Company. Amounts equal to income tax benefits of those companies having taxable losses or credits are reimbursed by other companies which would have incurred current income tax liabilities.

INTEREST RATE SWAPS AND FLOORS

The Company engages in interest rate swap and floor activities in managing its interest rate risk. Premiums for purchased floors are amortized over the life of the contracts. Since the contracts represent an exchange of interest payments and the underlying principal balances are not affected, there is no effect on the total assets or liabilities of the Company. The income or expense from these contracts is included as part of the interest income or expense for the corresponding asset or liability being hedged.

PER SHARE DATA

Net income per share is computed by dividing net income by the average number of shares outstanding during the year.

The impact of common stock equivalents, such as stock options, is not material; therefore, they are not included in the computation.

FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Company in estimating the fair value of financial instruments:

Cash and due from banks: The carrying amounts reported in the Consolidated Balance Sheets of cash and short-term instruments approximate fair values.

Investment securities (including mortgage-backed securities): Fair values of investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments.

Loans and leases: For variable-rate loans that reprice frequently and with no significant change in credit risk, fair values are based on carrying values. The fair values for certain mortgage loans (e.g., one-to-four family residential), credit card loans, and other consumer loans are based on quoted market prices of similar loans sold in conjunction with securitization transactions, adjusted for differences in loan characteristics. The fair values of other loans (e.g., commercial real estate and rental property mortgage loans, commercial and industrial loans, financial institution loans, and agricultural loans) are estimated using discounted cash flow analyses, which utilize interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The carrying amount of accrued interest approximates its fair value.

Off-balance sheet commitments and contingent liabilities: Fair values of off-balance sheet commitments and contingent liabilities are based upon quoted market prices of comparable instruments (interest rate floors); fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the counterparties' credit standing (letters of credit and commitments to extend credit); or, pricing models based upon brokers' quoted markets, current levels of interest rates, and specific cash flow schedules (interest rate swaps).

Deposits: The fair values of demand deposits (e.g., interest and noninterest checking, passbook savings, and certain types of money market accounts) are, by definition, equal to the amount payable on demand at the reporting date (i.e., their carrying amounts). Fair values of fixed-rate certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on certificates to a schedule of aggregated expected monthly maturities on time deposits.

Short-term borrowings: The carrying amounts of overnight Federal funds purchased, borrowings under repurchase agreements, and other short-term borrowings approximate their fair values.

Long-term debt: The fair values of the Company's long-term debt (other than deposits) are estimated using discounted cash flow analyses, based on the Company's current incremental borrowing rates for similar types of borrowing arrangements.

1. BUSINESS COMBINATION -- PIONEER FEDERAL SAVINGS BANK

On August 6, 1993, the Company acquired for cash all of the outstanding stock of Pioneer Fed BanCorp, Inc. ("Pioneer Holdings") at a purchase price of $87 million through the merger of Pioneer Holdings with and into the Company (the "Merger"). As a result of the Merger, Pioneer Federal Savings Bank ("Pioneer"), a savings bank with 19 branches statewide, became a wholly-owned subsidiary of the Company. The acquisition was accounted for using the purchase method of accounting and the results of operations of Pioneer are included in the Consolidated Statements of Income from the date of acquisition. The excess of cost over fair value of net assets acquired amounted to approximately $22 million.

The following unaudited pro forma information shows the consolidated results of operations as though the above acquisition, including the related purchase accounting adjustments, had been made at the beginning of the year:

(in thousands, except per share data)	1993	1992
Interest income	$469,413	$533,427
Interest expense	$183,860	$247,534
Other operating income	$ 72,313	$ 65,446
Other operating expenses	$227,473	$207,368
Net income	$ 81,419	$ 88,550
Earnings per share	$ 2.50	$ 2.75

2. INVESTMENT SECURITIES

As of December 31, 1993, the Company adopted SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." The adoption of this accounting policy had no material effect on the consolidated financial statements of the Company.

HELD-TO-MATURITY

Comparative book and fair values of held-to-maturity investment securities at December 31, 1994, 1993 and 1992 were as follows:

(in thousands)	1994 BOOK VALUE	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
U.S. TREASURY AND OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS	$568,894	$ --	$10,924	$557,970
COLLATERALIZED MORTGAGE OBLIGATIONS	200,420	--	5,689	194,731
STATES AND POLITICAL SUBDIVISIONS	154,493	3,600	1,087	157,006
OTHER	72,080	--	136	71,944
TOTAL HELD-TO-MATURITY INVESTMENT SECURITIES	$995,887	$3,600	$17,836	$981,651

(in thousands)	1993 Book Value	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$ 713,167	$ 1,490	$ 472	$ 714,185
Collateralized mortgage obligations	201,701	--	849	200,852
States and political subdivisions	177,876	12,530	413	189,993
Other	39,281	16	--	39,297
Total held-to-maturity investment securities	$1,132,025	$14,036	$1,734	$1,144,327

(in thousands)	1992 Book Value	Unrealized Gains	Unrealized Losses	Fair Value
U.S. Treasury and other U.S. Government agencies and corporations	$352,713	$ 3,506	$204	$356,015
Collateralized mortgage obligations	374,559	5,934	86	380,407
States and political subdivisions	196,270	15,346	25	211,591
Other	27,647	2,498	336	29,809
Total held-to-maturity investment securities	$951,189	$27,284	$651	$977,822

The book and fair values of held-to-maturity investment securities at December 31, 1994, by contractual maturity, excluding securities which have no stated maturity, were as follows:

(in thousands)	BOOK VALUE	FAIR VALUE

DUE WITHIN ONE YEAR	$497,145	$495,034
DUE AFTER ONE BUT WITHIN FIVE YEARS	255,249	250,961
DUE AFTER FIVE BUT WITHIN TEN YEARS	37,095	35,781
DUE AFTER TEN YEARS	153,492	146,969
TOTAL HELD-TO-MATURITY INVESTMENT SECURITIES	$942,981	$928,745

AVAILABLE-FOR-SALE

Comparative amortized cost and fair values of available-for-sale investment securities at December 31, 1994 were as follows:

	1994			
(in thousands)	AMORTIZED COST	UNREALIZED GAINS	UNREALIZED LOSSES	FAIR VALUE
U.S. TREASURY AND OTHER U.S. GOVERNMENT AGENCIES AND CORPORATIONS	$ 50,047	$ --	$ 922	$ 49,125
COLLATERALIZED MORTGAGE OBLIGATIONS	25,961	--	371	25,590
STATES AND POLITICAL SUBDIVISIONS	11,700	--	423	11,277
OTHER	66,000	--	--	66,000
TOTAL AVAILABLE-FOR-SALE INVESTMENT SECURITIES	$153,708	$ --	$1,716	$151,992

The amortized cost and fair values of available-for-sale investment securities at December 31, 1994, by contractual maturity, were as follows:

(in thousands)	AMORTIZED COST	FAIR VALUE
DUE WITHIN ONE YEAR	$ --	$ --
DUE AFTER ONE BUT WITHIN FIVE YEARS	65,047	64,126
DUE AFTER FIVE BUT WITHIN TEN YEARS	145	144
DUE AFTER TEN YEARS	88,516	87,722
TOTAL AVAILABLE-FOR-SALE INVESTMENT SECURITIES	$153,708	$151,992

At December 31, 1993, the unamortized cost of available-for-sale investment securities, which approximated fair value, was $98,453,000.

The Company sold certain investment securities and recognized a gain of $1,873,000 in the second quarter of 1993. The Company held no trading securities as of December 31, 1994 and 1993.

As of December 31, 1994, the Company had entered into interest rate swaps of $138,247,000 notional amount designed to modify the repricing characteristics of a portion of its municipal holdings. The fair value of the interest rate swaps was an unrealized loss of $3,130,000. However, it is management's intent to keep the interest rate swaps in place until their respective termination dates which approximate the maturities of the municipal holdings, at which time the unrealized losses would be eliminated.

The Company also had other interest rate swaps of $896,866,000 notional amount hedging other parts of the balance sheet. The fair value of these other interest rate swaps was an unrealized loss of $18,024,000. Additional information on the Company's interest rate swaps is provided in Note 16 to the Financial Statements.

Investment securities with an aggregate book value of $926,750,000 at December 31, 1994 were pledged to secure public deposits and repurchase agreements as required by law.

The Company did not hold investment securities of any single issuer (other than the U.S. Government and its agencies) which were in excess of 10% of stockholders' equity at December 31, 1994.

Gross gains of $180,000, $2,038,000 and $283,000 and gross losses of $2,000, $83,000 and $122,000 were realized on sales of investment securities during 1994, 1993 and 1992, respectively.

At December 31, 1994, collateralized mortgage obligations were comprised of $200,420,000 planned amortization class bonds (held-to-maturity) with an estimated average life of .8 years and $25,590,000 (available-for-sale) floating rate bonds with an estimated average life of 3.8 years and an average floating rate of 9.0%.

3. LOANS AND LEASES

At December 31, 1994 and 1993, loans and leases were comprised of the following:

	1994		1993	
(in thousands)	BOOK VALUE	FAIR VALUE	Book Value	Fair Value
Commercial, financial and agricultural	$1,307,145	$1,258,988	$1,208,912	$1,219,156
Real estate:				
Construction	320,783	319,575	317,036	317,017
Commercial	964,758	1,073,744	882,628	949,425
Residential	2,006,501	1,955,358	1,785,961	1,734,467
Consumer	467,827	467,792	459,910	456,226
Lease financing	230,587	230,598	201,449	201,512
Foreign	235,964	230,455	210,913	210,755
TOTAL LOANS AND LEASES	$5,533,565	$5,536,510	$5,066,809	$5,088,558

At December 31, 1994, loans totalling $40,848,000 were pledged to secure public deposits as required by law.

At December 31, 1994 and 1993, loans and leases aggregating $55,824,000 and $60,312,000, respectively, were on a nonaccrual basis.

In the normal course of business, the Company makes loans to its executive officers and directors, and to companies and individuals affiliated with executive officers and directors of the Company. Changes in the loans to such parties were as follows:

(in thousands)	1994	1993
Balance at beginning of year	$411,279	$370,169
New loans made	53,734	244,171
Repayments	(168,765)	(203,061)
BALANCE AT END OF YEAR	$296,248	$411,279

At December 31, 1994 and 1993, loans to such parties by the Parent were $17,005,000 and $15,759,000, respectively, and the income related to these loans was $1,089,000, $920,000 and $1,134,000 for 1994, 1993 and 1992, respectively.

4. ALLOWANCE FOR LOAN AND LEASE LOSSES

Changes in the allowance for loan and lease losses were as follows for the years indicated:

(in thousands)	1994	1993	1992
Balance at beginning of year	$62,253	$56,385	$55,134
Provision charged to expense	22,922	13,262	12,812
Net charge-offs:			
Loans and leases charged off	(27,115)	(15,063)	(13,410)
Recoveries on loans and leases charged off	3,190	2,444	1,849
Net charge-offs	(23,925)	(12,619)	(11,561)
Allowance applicable to loans of purchased company	--	5,225	--
BALANCE AT END OF YEAR	$61,250	$62,253	$56,385

In May, 1993, the FASB issued SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," which requires that impaired loans be measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or the market price or fair value of the collateral if the loan is collateral dependent. SFAS No. 114 is effective for fiscal years beginning after December 15, 1994. The adoption of SFAS No. 114 will not have a material effect on the Company's financial position or results of operations.

5. PREMISES AND EQUIPMENT

At December 31, 1994 and 1993, premises and equipment were comprised of the following:

(in thousands)	1994	1993
Premises	$220,295	$198,234
Equipment	126,207	128,302
	346,502	326,536
Less accumulated depreciation and amortization	108,146	93,049
NET BOOK VALUE	$238,356	$233,487

Occupancy and equipment expenses include depreciation and amortization expenses of $17,572,000, $15,133,000 and $14,383,000 for 1994, 1993 and 1992, respectively.

6. DEPOSITS

For 1994, 1993 and 1992, interest expense related to deposits was as follows:

(in thousands)	1994	1993	1992
Interest-bearing demand	$ 24,282	$ 26,036	$ 34,858
Savings	25,545	28,528	54,578
Time--Under $100	38,087	34,928	43,285
Time--$100 and over	24,588	23,581	36,281
Foreign	7,787	3,814	6,813
TOTAL INTEREST EXPENSE ON DEPOSITS	$120,289	$116,887	$175,815

Time deposits in denominations of $100,000 or more at December 31, 1994 and 1993 were as follows:

(in thousands)	1994	1993
Domestic	$611,757	$522,892
Foreign	$270,234	$130,108

7. SHORT-TERM BORROWINGS

At December 31, 1994 and 1993, short-term borrowings were comprised of the following:

(in thousands)	1994	1993
First Hawaiian Bank:		
Federal funds purchased	$ 195,859	$ 122,975
Securities sold under agreements to repurchase	823,248	825,837
Advances from Federal Home Loan Bank of Seattle	50,000	--
First Hawaiian, Inc. (Parent)-- Commercial paper	46,723	9,605
Nonbank subsidiaries-- Advances from Federal Home Loan Bank of Seattle	213,986	111,265
TOTAL SHORT-TERM BORROWINGS	$1,329,816	$1,069,682

Average rates and average and maximum balances for these short-term borrowings were as follows for the years indicated:

(dollars in thousands)	1994	1993	1992

Federal funds purchased:			
Average interest rate at December 31	5.8%	2.7%	2.8%
Highest month-end balance	$217,535	$172,215	$340,375
Average daily outstanding balance	$155,852	$ 98,042	$180,991
Average daily interest rate paid	4.4%	2.8%	3.6%
Securities sold under agreements to repurchase:			
Average interest rate at December 31	5.4%	3.2%	3.5%
Highest month-end balance	$883,036	$871,891	$806,793
Average daily outstanding balance	$792,790	$660,474	$499,084
Average daily interest rate paid	4.0%	3.2%	3.6%
Commercial paper:			
Average interest rate at December 31	6.2%	4.0%	3.4%
Highest month-end balance	$ 46,723	$ 11,271	$ 25,549
Average daily outstanding balance	$ 14,092	$ 8,430	$ 13,617
Average daily interest rate paid	4.7%	3.1%	4.1%
Advances from Federal Home Loan Bank of Seattle:			
Average interest rate at December 31	6.0%	4.3%	3.4%
Highest month-end balance	$279,437	$111,265	$ 37,500
Average daily outstanding balance	$153,008	$ 43,499	$ 29,891
Average daily interest rate paid	5.5%	4.6%	4.6%

Securities sold under agreements to repurchase were treated as financings and the obligations to repurchase the identical securities sold were reflected as liabilities with the dollar amount of securities underlying the agreements remaining in the asset accounts. At December 31, 1994, the weighted average maturity of these agreements was 86 days and represents investments by public (governmental) entities. A schedule of maturities of these agreements is as follows:

(in thousands)	
OVERNIGHT	$ --
LESS THAN 30 DAYS	214,503
30 to 90 DAYS	335,882
OVER 90 DAYS	272,863
TOTAL	$823,248

Commercial paper represents obligations of the Parent with maturities up to 180 days. The Parent had $70,000,000 in unused lines of credit with unaffiliated banks to support its commercial paper borrowings as of December 31, 1994.

8. LONG-TERM DEBT

At December 31, 1994 and 1993, long-term debt was comprised of the following:

	1994		1993	
(dollars in thousands)	BOOK VALUE	FAIR VALUE	Book Value	Fair Value
First Hawaiian, Inc. (Parent):				
Note due 1997	$ 50,000	$ 49,988	$ 50,000	$ 50,006
6.25% subordinated notes due 2000	100,000	97,555	100,000	97,345
First Hawaiian Bank-- 7%-11% capital lease obligations due through 2041	778	778	826	1,804
Nonbank subsidiaries-- 4.24%-6.55% notes due through 2000	68,553	68,181	70,941	70,991
TOTAL LONG-TERM DEBT	$219,331	$216,502	$221,767	$220,146

FIRST HAWAIIAN, INC. (PARENT)

The note due in 1997 represents two separate drawings of $24,000,000 and $26,000,000 on a $50,000,000 unsecured commitment with interest payable at preselected intervals of one, two or three months at London Interbank Offered Rate ("LIBOR") plus .225% ($24,000,000 at 6.7875% and $26,000,000 at 6.60% at December 31, 1994).

The 6.25% subordinated notes due in 2000 are unsecured obligations with interest payable semiannually.

NONBANK SUBSIDIARIES

The 4.24%-6.55% notes due through 2000 represent advances from the Federal Home Loan Bank of Seattle to the Company's nonbank subsidiaries (Creditcorp and Pioneer) with interest payable monthly.

As of December 31, 1994, the principal payments due in the next five years and thereafter on these borrowed funds were as follows:

(in thousands)	First Hawaiian, Inc. (Parent)	First Hawaiian Bank	Nonbank Subsidiaries	Total
1995	$ --	$ 33	$ --	$ 33
1996	--	27	42,542	42,569
1997	50,000	29	20,012	70,041
1998	--	33	3,999	4,032
1999	--	36	1,000	1,036
2000 and thereafter	100,000	620	1,000	101,620
TOTAL	$150,000	$ 778	$68,553	$219,331

9. COMMON STOCK

On December 1, 1993, the Bank purchased certain assets and assumed certain liabilities of GKN, Inc., which did business as Phoenix Financial Services, for $1,000,000 in the form of an exchange for 41,186 newly-issued shares of the Company's common stock.

On August 27, 1992, the Company entered into a merger agreement with Finance Investment Company, Limited whereby the Company acquired FH Center, Inc. and its parcel of land in exchange for 423,077 newly-issued shares of the Company's common stock.

10. LIMITATIONS ON PAYMENT OF DIVIDENDS

The primary source of funds for the dividends paid by the Company to its stockholders is dividends received from its subsidiaries. The Bank, Pioneer and Creditcorp are subject to regulatory limitations on the amount of dividends they may declare or pay. At December 31, 1994, the aggregate amount available for payment of dividends by such subsidiaries without prior regulatory approval was $333,981,000.

11. EMPLOYEE BENEFIT PLANS

PENSION PLANS

The Company has a noncontributory pension plan, covering substantially all employees (Pioneer employees began participating in the plans effective January 1, 1994), after satisfying age and length of service requirements. It also has an unfunded supplemental employee retirement plan for key executives.

The net pension expense for 1994, 1993 and 1992 included the following components:

(in thousands)	1994	1993	1992
Service cost--benefits earned during the period	$ 3,832	$ 3,955	$ 3,724
Interest cost on projected benefit obligation	6,294	6,553	5,933
Actual loss (return) on plan assets	3,593	(3,810)	(3,619)
Net amortization and deferral	(12,123)	(3,577)	(3,429)
NET PENSION EXPENSE	$ 1,596	$ 3,121	$ 2,609

The Company generally makes contributions to the trust fund of the regular employee retirement plan equal to the amounts accrued for pension expense to the extent such contributions are currently deductible for tax purposes.

The following table sets forth the reconciliation of the funded status of the plans at December 31, 1994 and 1993:

(in thousands)	1994	1993
Actuarial present value of benefit obligation:		
Vested benefits	$62,900	$61,300
Nonvested benefits	3,100	3,100
ACCUMULATED BENEFIT OBLIGATION	$66,000	$64,400
Plan assets at fair value (primarily listed stocks and fixed income securities)	$84,044	$88,873
Projected benefit obligation	91,944	90,087
Plan assets less than projected benefit obligation	(7,900)	(1,214)
Unrecognized net gain	(736)	(6,719)
Unrecognized prior service cost	6,959	7,640
Unrecognized net asset being recognized over 9 and 15 years	(8,264)	(9,328)
PENSION LIABILITY	$(9,941)	$(9,621)

Plan assets included 587,856 shares of common stock of the Company with a fair value of $13,962,000 at December 31, 1994. The plan received dividends totalling $694,000 from the Company for the year ended December 31, 1994.

The weighted average discount rate was 7.5% as of December 31, 1994, and 7.0% as of December 31, 1993. For both years, the rate of increase in future compensation used in determining the projected benefit obligation was 5.0% for the qualified pension plan and 7.0% for the unfunded supplemental retirement plan. The expected long-term rate of return on plan assets was 8.5% for both years.

POSTRETIREMENT BENEFITS

Effective January 1, 1993, the Company adopted SFAS No. 106, "Employer's Accounting for Postretirement Benefits Other than Pensions" which changed the practice of accounting for postretirement benefits from a cash basis to an accrual basis during the expected service life of an employee. The Company has been accounting for postretirement medical benefits on an accrual basis. As a result, the adoption of SFAS No. 106 did not have a material effect on the consolidated financial statements of the Company.

The Company has unfunded postretirement medical and life insurance plans which are available to retirees who have satisfied age and length of service requirements. The following table sets forth the reconciliation of the funded status of the plan at December 31, 1994 and 1993:

(in thousands)	1994	1993
Actuarial present value of benefit obligation:		
Retirees	$ 3,196	$ 3,218
Other fully eligible plan participants	1,248	1,353
Other active plan participants	1,775	1,665
TOTAL	$ 6,219	$ 6,236
Funded status	$ 6,219	$ 6,236
Unrecognized transition obligation	(2,572)	(2,714)
Unrecognized prior service cost	(77)	--
Unrecognized net gain	(214)	(697)
ACCRUED POSTRETIREMENT BENEFIT COST	$ 3,356	$ 2,825
Service cost	$ 187	$ 161
Interest cost	430	406
Amortization of:		
Transition obligation	143	143
Unrecognized prior service cost	6	--
NET PERIODIC POSTRETIREMENT BENEFIT COST	$ 766	$ 710

The assumed health care cost trend is not applicable since the medical plan provides a flat dollar commitment. Thus, there is no effect due to a one-percentage-point increase in the trend rate.

The weighted average discount rate was 7.5% as of December 31, 1994, and 7.0% as of December 31, 1993. For both years, the rate of increase in future compensation used in determining the accumulated postretirement benefit obligation was 5.0%.

PROFIT SHARING AND CASH BONUS PLANS

The profit sharing and cash bonus plans cover substantially all employees, after satisfying age and length of service requirements. Annual contributions to the plans are based upon a formula and are limited to the total amount deductible under the applicable provisions of the Internal Revenue Code. The profit sharing and cash bonus formula provides that 50% of the Company's contribution be paid directly to eligible members as a year-end cash bonus and the other 50%, less forfeitures, be paid into the profit sharing trust fund. The profit sharing contribution and cash bonus (reflected in salaries and wages) for 1994, 1993 and 1992 totalled $5,127,000, $4,328,000 and $4,738,000, respectively.

INCENTIVE PLAN FOR KEY EXECUTIVES

The Company has an Incentive Plan for Key Executives (the "IPKE"), under which awards of cash or common stock of the Company, or both, are made to key executives. The IPKE limits the aggregate and individual value of the awards that could be issued in any one fiscal year. Shares awarded under the Plan are held in escrow and key executives concerned may not, under any circumstances, voluntarily dispose or transfer such shares prior to the earliest of attaining 60 years of age, completion of 20 full years of employment with the Company, retirement, death or termination of employment prior to retirement with the approval of the Company. Additionally, there is a five year restriction from the date of all subsequent shares awarded to those key executives who had previously met the minimum restrictions of completion of 20 full years of employment or attaining 60 years of age.

At December 31, 1994, 578,020 shares, including 20,049 authorized, but unissued shares, were available for future awards under the IPKE.

STOCK INCENTIVE PLAN

In 1992, the stockholders approved a Stock Incentive Plan (the "SIP"), which authorized the granting of up to 1,000,000 shares of common stock to key employees. The purpose of the SIP is to promote the success and enhance the value of the Company by providing additional incentives to selected key employees in a way that links their interests with those of stockholders and provides those employees with an incentive for outstanding performances. The SIP is administered by the Executive Compensation Committee of the Board of Directors. The SIP provides for grants of restricted stock, incentive stock options, non-qualified stock options and reload options. Options are granted at exercise prices not less than the fair market value of the common stock on the date of grant. Options vest 25% per year after the date of grant. Stock options have exercise periods no longer than ten years from the date of grant and may not be exercised for six months after the date of grant and/or vesting. Stock options can be exercised, in whole or in part, by payment of the option price in cash or, if allowed under the option agreement, shares of common stock already owned by the optionee (reload options). Upon the occurrence of a change in control of the Company, as defined in the SIP, all options granted and held at least six months become immediately vested and exercisable.

The following table summarizes activity under the SIP for 1994 and 1993 and the status at December 31, 1994:

	Options			
	Outstanding		Exercisable	
(dollars in thousands)	Shares	Average Option Price	Shares	Average Option Price
Options granted	113,690	$26.00	--	$ --
Less forfeitures	(758)	26.00	--	--
Balance at December 31, 1992	112,932	26.00	--	--
Options granted	106,060	30.25	--	--
Became exercisable	--	--	28,422	26.00
Less:				
Exercised	(60)	26.00	(60)	26.00
Forfeitures	(433)	26.00	--	--
Balance at December 31, 1993	218,499	28.06	28,362	26.00
Options granted	139,380	26.60	--	--
Became exercisable	--	--	54,938	28.05
Less:				
Forfeitures	(11,675)	27.53	--	--
BALANCE AT DECEMBER 31, 1994	346,204	$27.49	83,300	$27.35

At December 31, 1994, 653,796 stock options were available for future grants under the SIP.

LONG-TERM INCENTIVE PLAN

The Company has a Long-Term Incentive Plan (the "LTIP") designed to reward key executives for the Company's and individuals' performances measured over three-year periods. The first period covered 1991-1993; the second period 1992-1994; and so on. The LTIP has no expiration date. The LTIP is administered by the Executive Compensation Committee of the Board of Directors. The LTIP provides for the grant of incentive cash awards to certain key employees of the Company after each three-year performance cycle. For each of the current performance cycles, the Company's average return on assets relative to a group of peer financial institutions and the Company's growth in assets are used to measure the Company's performance and to determine the payout factor, which ranges from 0% to 140% of base salaries. A threshold minimum performance level of 15% average return on stockholders' equity must be achieved for each of the current three-year performance cycles. The first three-year performance cycle (1991-1993) ended on December 31, 1993. The threshold level was achieved during this cycle. In 1994, payouts totalling $1,195,000 were made to various key executives for the 1991-1993 cycle. The threshold level was not achieved for the 1992-1994 cycle. Therefore, no LTIP payouts will be made in 1995.

POSTEMPLOYMENT BENEFITS

Effective January 1, 1994, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits," which requires that the estimated cost of benefits provided by an employer to former or inactive employees after employment but before retirement be accounted for on an accrual basis. The adoption of SFAS 112 did not have a material effect on the financial position or results of operations of the Company.

12. OTHER EXPENSES

For the years ended December 31, 1994, 1993 and 1992, other expenses included the following:

(in thousands)	1994	1993	1992
Deposit insurance	$11,388	$11,122	$11,122
Stationery and supplies	9,055	8,430	8,922
Advertising and promotion	7,745	6,911	6,326
Write-off of building costs	--	5,444	--
Trust loss	5,000	--	--
Other	48,320	42,082	33,509
TOTAL OTHER EXPENSES	$81,508	$73,989	$59,879

13. INCOME TAXES

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," the cumulative effect of which was the recognition of an income tax benefit of $3,650,000, or $.11 per share, in the first quarter of 1993. Such amount has been reflected in the Consolidated Statements of Income as the cumulative effect of a change in accounting principle. Under SFAS No. 109, deferred tax assets and liabilities are measured using enacted tax rates scheduled to be in effect at the time the related temporary differences between financial reporting and tax reporting of income and expense are expected to reverse. The effect of changes in tax rates is recognized in income in the period that includes the enactment date. On August 10, 1993, the Omnibus Budget Reconciliation Act of 1993 was signed into law, increasing the Federal corporate tax rate from 34% to 35%, retroactive to January 1, 1993. As a result, the Company recognized retroactive adjustments to its deferred tax liability and current tax provision of $1,520,000 and $402,000, respectively, in the third quarter of 1993.

For the years ended December 31, 1994, 1993 and 1992, the provision for income taxes was comprised of the following:

(in thousands)	1994	1993	1992
Current:			
Federal	$24,822	$19,755	$21,135
Hawaii	4,989	4,776	5,923
Total current	29,811	24,531	27,058
Deferred:			
Federal	6,175	12,116	11,243
Hawaii	3,004	4,251	2,679
Total deferred	9,179	16,367	13,922
TOTAL INCOME TAX PROVISION	$38,990	$40,898	$40,980

The provision for income taxes has been reduced by investment, excise tax and low income housing credits of $1,769,000, $1,000,000 and $985,000 in 1994, 1993 and 1992, respectively. The Company also has foreign tax credit carryforwards amounting to $4,258,000 at December 31, 1994 which may be used to offset future Federal income tax expense. The foreign tax credit carryover of $1,040,000, $1,526,000 and $1,592,000 will expire at the end of 1997, 1998 and 1999, respectively.

The components of net deferred income tax liabilities at December 31, 1994 and 1993 and January 1, 1993 were as follows:

	December 31,		January 1,
(in thousands)	1994	1993	1993
ASSETS			
Federal and State income tax credit carryovers	$ 3,180	$ 2,494	$ 2,071
Employee benefit deductions	10,340	10,443	6,689
Provision for loan and lease losses	32,706	25,201	21,838
Loan fees and other income	8,853	5,324	6,646

Hawaii State franchise taxes	5,007	5,959	2,481
Other	--	--	3,754
Total deferred income tax assets	60,086	49,421	43,479
LIABILITIES			
Lease expenses	120,933	103,046	79,243
Depreciation expense	19,975	17,930	18,775
Intangible assets-net premiums	3,429	3,801	--
Other	3,815	3,531	--
Total deferred income tax liabilities	148,152	128,308	98,018
NET DEFERRED INCOME TAX LIABILITIES	$(88,066)	$(78,887)	$(54,539)

Net deferred income tax liabilities are included in other liabilities in the Consolidated Balance Sheets.

At December 31, 1993, net deferred income tax liabilities include $8,578,000 of net deferred income tax liabilities acquired in connection with the Pioneer acquisition.

At December 31, 1994 and 1993, Federal income taxes had not been provided on $2,832,000 of bad debt deductions. If in the future, these amounts are used for any purpose other than to absorb losses on bad debts, a tax liability will be imposed on the Company for these amounts at the then current income tax rates.

The following analysis reconciles the Federal statutory income tax rate to the effective income tax rate for the years indicated:

	1994	1993	1992
Federal statutory income tax rate	35.0%	35.0%	34.0%
Municipal and other tax-exempt income	(4.0)	(4.4)	(4.5)
Hawaii State income and franchise taxes, net of Federal tax benefit	4.7	4.9	4.4
Other	(0.7)	(1.2)	(1.9)
EFFECTIVE INCOME TAX RATE	35.0%	34.3%	32.0%

14. INTERNATIONAL OPERATIONS

The Company's international operations involve foreign banking and international financing activities, including short-term investments, loans, acceptances, letters of credit financing and international funds transfers.

International activities are identified on the basis of the domicile of the Company's customer.

Total revenue, income before income taxes, net income and total assets for foreign, domestic and consolidated operations at and for the years ended December 31, 1994, 1993 and 1992 were as follows:

(in thousands)	Foreign	Domestic	Consolidated
1994			
TOTAL REVENUE	$ 26,533	$ 535,899	$ 562,432
INCOME BEFORE INCOME TAXES	$ 1,496	$ 110,005	$ 111,501
NET INCOME	$ 972	$ 71,539	$ 72,511
TOTAL ASSETS	$251,697	$7,283,447	$7,535,144
1993			
Total revenue	$ 26,586	$ 481,932	$ 508,518
Income before income taxes	$ 2,726	$ 116,379	$ 119,105
Net income	$ 1,772	$ 80,085	$ 81,857
Total assets	$326,197	$6,942,934	$7,269,131
1992			
Total revenue	$ 32,443	$ 512,728	$ 545,171
Income before income taxes	$ 4,843	$ 123,037	$ 127,880
Net income	$ 3,196	$ 83,704	$ 86,900
Total assets	$356,414	$6,196,968	$6,553,382

Under current intercompany pricing procedures, transfers of funds are priced at prevailing market rates. In general, the Company has allocated all direct expenses and a proportionate share of general and administrative expenses to the income derived from loans and transactions by the Company's international operations.

The following presents the percentages of average total assets and total liabilities attributable to foreign operations. For this purpose, assets attributable to foreign operations are defined as assets in foreign offices and loans and leases to and investments in customers domiciled outside the United States. Deposits received and other liabilities are classified on the basis of domicile of the creditor.

	1994	1993	1992
Average foreign assets to average total assets	3.80%	6.19%	6.51%
Average foreign liabilities to average total liabilities	3.15%	2.07%	2.68%

The Company did not have any foreign outstandings to any individual country which exceeded 1% of total assets at December 31, 1994, 1993 and 1992.

15. LEASE COMMITMENTS

Future minimum lease payments by year and in the aggregate under all noncancelable operating and capital leases having initial or remaining terms in excess of one year consisted of the following at December 31, 1994:

(in thousands)	Operating Leases	Less Sublease Income	Net Operating Leases	Capital Leases
1995	$ 10,185	$ 1,567	$ 8,618	$ 173
1996	9,907	2,166	7,741	173
1997	23,612	3,814	19,798	173
1998	24,299	3,536	20,763	173
1999	22,674	3,719	18,955	173
2000 and thereafter	131,465	17,167	114,298	2,666
TOTAL	$222,142	$31,969	$190,173	3,531
Less amount representing imputed interest				2,753
PRESENT VALUE OF MINIMUM LEASE PAYMENTS				$ 778

These premises and equipment leases extend for varying periods up to 47 years and some of them may be renewed for periods ranging from 1 to 40 years. The premises' leases also provide for payments of real property taxes, insurance and maintenance.

In most cases, leases for the premises provide for periodic renegotiation of the rents based upon a percentage of the appraised value of the leased property. The renegotiated annual rent is usually not less than the annual amount paid in the previous period. Where future commitments are subject to appraisals, the minimum annual rental commitments are based on the latest annual rents.

In December, 1993, the Company entered into a noncancelable agreement to lease a certain office building to be constructed on land owned in fee simple by the Company. Concurrently, the Company entered into a ground lease of the land to the lessor of the building. Rent obligation for the building will commence on December 1, 1996 and will expire on December 1, 2003 (the "Primary Term"). The Company is obligated to pay all taxes, insurance, maintenance and other operating costs associated with the building during the Primary Term and to assume certain responsibilities during the construction period. The Company plans to occupy approximately 40% of the building and sublease the remaining 60% to third parties. As of December 31, 1994, the Company has executed certain noncancelable subleases with third parties. These amounts are included in sublease income in the above table.

At the end of the Primary Term, the Company may, at its option: (1) extend the lease term at rents based on the lessor's cost of funds at the time of renewal; (2) purchase the building for an amount approximately equal to that expended by the lessor to construct the building; or (3) arrange for the sale of the building to a third party on behalf of the lessor and pay to lessor any shortfall between the sales proceeds and a specified residual value, such payment not to exceed $161,990,000. This lease is accounted for as an operating lease.

For 1994, 1993 and 1992, rental expense was $13,699,000, $8,782,000 and $6,207,000, respectively.

16. COMMITMENTS AND CONTINGENT LIABILITIES

FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company is a party to various financial instruments to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, standby and commercial letters of credit and interest rate floors and swaps. These instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amounts recognized in the Consolidated and Parent Company Balance Sheets. The contract or notional amounts of those instruments reflect the extent of involvement the Company has in particular classes of financial instruments.

The Company's exposure to credit losses in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby and commercial letters of credit is represented by the contractual notional amount of those instruments. Since these commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash flows. For interest rate floor and swap transactions, the contract or notional amounts do not represent exposure to credit losses.

Off-balance sheet instruments must meet the same criteria of acceptable risk established for the Company's lending and other financing activities. The Company manages the credit risk of counterparty defaults in these transactions by limiting the total amount of outstanding arrangements, both by the individual counterparty and in the aggregate, by monitoring the size and maturity structure of the off-balance sheet portfolio, and by applying the uniform credit standards maintained for all of its credit activities.

Off-balance sheet commitments and contingent liabilities at December 31, 1994 and 1993 were as follows:

(In Thousands)	1994 NOTIONAL/ CONTRACT AMOUNT	1993 Notional/ Contract Amount
Commitments to extend credit	$2,801,502	$2,377,421
Standby letters of credit	$ 154,221	$ 103,537
Commercial letters of credit	$ 10,207	$ 18,628
Interest rate floors	$ -	$ 300,000
Interest rate swaps	$1,035,113	$ 619,217

The Company enters into interest rate swap and floor agreements as an end-user only. These instruments are used as hedges against various balance sheet accounts. Credit exposure is monitored under the same credit guidelines as are followed for other extensions of credit. Interest rate and/or market risk is monitored and managed in conjunction with the total interest rate risk position of the Company as a whole. Off-balance sheet agreements are not effected if they would increase the Company's interest rate risk above current guidelines. Sensitivity testing to measure and monitor this risk is done quarterly using computer simulations of net interest income.

Variable rates for interest rate swap and floor agreements are based either on the LIBOR or commercial paper rates as published by the Federal Reserve Board Statistical Release H.15.

The following is a summary of the interest rate swap and floor activity for 1994:

ROLLFORWARD SCHEDULE:

(In Millions)	Receive Fixed	Pay Fixed	Caps, Floors or Collars	Indexed Amortizing	Variable/ Variable	Basis	Forward Starting	Total
Balance, December 31, 1993	$361	$257	$300	$ --	$ --	$ --	$ --	$ 918

Additions	10	--	--	--	700	--	--	710
Maturities/ amortizations	284	--	300	--	--	--	--	584
Terminations	--	9	--	--	--	--	--	9
Forward starting becoming effective	--	--	--	--	--	--	--	--
BALANCE, DECEMBER 31, 1994	$ 87	$248	$ --	$ --	$700	$ --	$ --	$1,035

The following is additional hedging information related to the Company's interest rate swaps as of December 31, 1994:

HEDGING SUMMARY:

(Dollars In Millions)	Notional Amount	Pay Rate	Receive Rate	Asset Yield/ Liability Cost	Net Yield/ Cost	Original Maturity	Remaining Maturity
ASSET HEDGES:							
Fixed rate loans	$ 65	6.0%	5.9%	8.5%	8.4%	9.1 yrs.	7.8 yrs.
Municipal securities	138	10.0	6.3	11.6	7.9	9.4	1.0
Construction fund investments	108	6.1	4.2	5.9	4.1	3.0	1.9
Subtotal	311	7.8	5.5	9.0	6.7	7.1	2.7
LIABILITY HEDGES:							
Term debt	24	8.7	5.9	6.7	9.5	7.0	2.9
Savings deposits	700	6.0	5.0	2.7	3.7	2.6	1.8
Subtotal	724	6.1	5.0	2.8	3.9	2.7	1.8
TOTAL	$1,035	6.6%	5.2%	N/A	N/A	4.0 YRS.	2.1 YRS.

The following summarizes the impact of the Company's interest rate swap and floor activities on its weighted average borrowing rate and on interest income and expense for the years ended December 31, 1994, 1993 and 1992:

(dollars in thousands)	1994	1993	1992
Average borrowing rate:			
Without interest rate swaps and floors	3.26%	3.11%	4.26%
With interest rate swaps and floors	3.23%	2.96%	4.13%
Decrease in interest income	$10,352	$12,664	$10,698
Decrease in interest expense	1,351	7,436	6,599
Interest rate swap/floor expense, net	$ 9,001	$ 5,228	$ 4,099

LITIGATION

Various legal proceedings are pending against the Company. In the opinion of management, based upon advice of counsel, the aggregate liability, if any, resulting from these proceedings would not have a material effect on the Company's consolidated financial position or results of operations.

TRUST CONTINGENCY

In November, 1994 the Bank determined that some of the trust and custodial accounts that it manages for customers had experienced decreases in value which may have resulted from investment of trust and custodial client funds in certain securities outside of the clients' express investment guidelines. The Bank announced that trust and custodial accounts would be compensated for investment losses directly attributable to investments made contrary to the accounts' express investment directions. The Bank estimated that possible losses and expenses related to the situation may reach approximately $5,000,000. Consequently, a charge of $5,000,000 was recorded in the fourth quarter of 1994. The Bank believes that the losses and costs related to resolving this situation are substantially covered by insurance.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents a summary of the book and fair values of the Company's financial instruments at December 31, 1994 and 1993:

	1994	
(in thousands)	BOOK VALUE	FAIR VALUE
FINANCIAL ASSETS		
Cash and due from banks	$ 269,876	$ 269,876
Interest-bearing deposits in other banks	11,670	11,670
Federal funds sold and securities purchased under agreements to resell	180,000	180,000
Investment securities:		
Held-to-maturity (note 2)	995,887	981,651
Available-for-sale (note 2)	151,992	151,992
Loans and leases (note 3)	5,533,565	5,536,510
Customers' acceptance liability	732	732
FINANCIAL LIABILITIES		
Total deposits	$5,152,213	$5,158,495
Short-term borrowings (note 7)	1,329,816	1,329,816
Acceptances outstanding	732	732
Long-term debt (note 8)	219,331	216,502
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS (note 16)		
Commitments to extend credit	$2,801,502	$ 11,489
Letters of credit	164,428	1,523
Interest rate swaps	1,035,113	(21,154)

	1993	
(in thousands)	Book Value	Fair Value
FINANCIAL ASSETS		
Cash and due from banks	$ 436,129	$ 436,129
Interest-bearing deposits in other banks	116,736	116,736
Federal funds sold and securities purchased under agreements to resell	35,000	35,000
Investment securities:		

Held-to-maturity (note 2)	1,132,025	1,144,327
Available-for-sale (note 2)	98,453	98,453
Loans and leases (note 3)	5,066,809	5,088,558
Customers' acceptance liability	854	854
FINANCIAL LIABILITIES		
Total deposits	$5,220,128	$5,230,355
Short-term borrowings (note 7)	1,069,682	1,069,682
Acceptances outstanding	854	854
Long-term debt (note 8)	221,767	220,146
OFF-BALANCE SHEET FINANCIAL INSTRUMENTS (note 16)		
Commitments to extend credit	$2,377,421	$ 11,032
Letters of credit	122,165	1,531
Interest rate floors	300,000	--
Interest rate swaps	619,217	(19,813)

18. FIRST HAWAIIAN, INC. (PARENT COMPANY ONLY) FINANCIAL STATEMENTS

BALANCE SHEETS

(in thousands, except number of shares and per share data)	DECEMBER 31, 1994	1993
ASSETS		
Cash on deposit with First Hawaiian Bank	$ 110	$ 250
Loans	17,005	15,759
Investment securities	--	5,000
Securities purchased from First Hawaiian Bank	6,180	13,125
Investment in subsidiaries:		
First Hawaiian Bank	597,252	571,551
Other subsidiaries	155,113	146,153
Due from:		
First Hawaiian Bank	83,604	65,886
Other subsidiaries	61,825	23,053
Other assets	2,257	4,919
TOTAL ASSETS	$923,346	$845,696
LIABILITIES AND STOCKHOLDERS' EQUITY		
Commercial paper	$ 46,723	$ 9,605
Current and deferred income taxes	95,795	74,919
Other liabilities	2,884	2,803
Long-term debt	150,000	150,000
TOTAL LIABILITIES	295,402	237,327
Commitments and contingent liabilities		
Stockholders' equity:		
Common stock $5 par value Authorized--100,000,000 shares Issued--32,542,797 shares in 1994 and 1993	162,713	162,713
Surplus	133,820	133,820
Retained earnings	346,339	311,836
Unrealized valuation adjustment	(1,033)	--
Treasury stock, 516,623 shares in 1994, at cost	(13,895)	--
Total stockholders' equity	627,944	608,369
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$923,346	$845,696

STATEMENTS OF INCOME

(in thousands)	YEAR ENDED DECEMBER 31, 1994	1993	1992
INCOME			
Dividends from:			
First Hawaiian Bank	$34,660	$33,551	$31,043
Other subsidiaries	7,560	4,590	3,225
Interest from First Hawaiian Bank	448	419	417
Interest and fees from other subsidiaries	799	321	817
Other interest and dividends	1,149	1,148	1,177
Total income	44,616	40,029	36,679
EXPENSES			
Interest expense:			
Commercial paper	663	259	564
Long-term debt	9,711	5,514	3,250
Other	107	254	125
Professional services	289	493	219
Other	351	381	106
Total expenses	11,121	6,901	4,264
Income before income tax benefit and equity in undistributed income of subsidiaries	33,495	33,128	32,415
Income tax benefit	3,344	1,763	582
Income before equity in undistributed income of subsidiaries	36,839	34,891	32,997
Equity in undistributed income			

of subsidiaries:			
First Hawaiian Bank	26,713	38,620	47,145
Other subsidiaries	8,959	8,346	6,758
NET INCOME	$72,511	$81,857	$86,900

STATEMENTS OF CASH FLOWS

(in thousands)	1994	1993	1992
	YEAR ENDED DECEMBER 31,		
CASH AT BEGINNING OF YEAR	$ 250	$ 985	$ 240
Cash flows from operating activities:			
Net income	72,511	81,857	86,900
Excess of equity in earnings of subsidiaries over dividends received	(35,672)	(46,966)	(53,903)
Other	(630)	(439)	(145)
Net cash provided by operating activities	36,209	34,452	32,852
Cash flows from investing activities:			
Net change in:			
Securities sold to (purchased from) First Hawaiian Bank	6,945	(2,545)	1,605
Loans made to directors and officers	(1,246)	(657)	(942)
Advances from (to) subsidiaries	(34,600)	(100)	40,100
Sale (purchase) of investment securities	5,000	(5,000)	--
Purchase of Pioneer Fed BanCorp, Inc.	--	(87,107)	--
Capital contributions to subsidiaries	--	--	(4,509)
Other	--	(343)	(425)
Net cash provided by (used in) investing activities	(23,901)	(95,752)	35,829
Cash flows from financing activities:			
Net change in commercial paper balances	37,118	(632)	(34,061)
Proceeds from long-term debt	--	100,000	--
Cash dividends paid	(38,008)	(36,821)	(34,161)
Issuance of common stock under IPKE	--	493	438
Purchase of common stock for issuance under IPKE and SIP	(11,558)	(2,475)	(152)
Net cash provided by (used in) financing activities	(12,448)	60,565	(67,936)
CASH AT END OF YEAR	$ 110	$ 250	$ 985
Supplemental disclosures:			
Interest paid	$ 10,338	$ 3,740	$ 4,186
Net income taxes refunded	$ (2,502)	$ (375)	$ (338)

FIRST HAWAIIAN, INC.
1132 Bishop Street
Honolulu, Hawaii 96813
or
P.O. Box 3200
Honolulu, Hawaii 96847

FIRST HAWAIIAN CREDITCORP, INC.
Interstate Building, Second Floor
1314 South King Street
Honolulu, Hawaii 96814
Telephone: (808) 593-5500

FIRST HAWAIIAN LEASING, INC.
Interstate Building, Second Floor
1314 South King Street
Honolulu, Hawaii 96814
Telephone: (808) 593-5300

PIONEER FEDERAL SAVINGS BANK
900 Fort Street
Honolulu, Hawaii 96813
Telephone: (808) 522-6777

FIRST HAWAIIAN BANK
1132 Bishop Street
Honolulu, Hawaii 96813
or
P.O. Box 3200
Honolulu, Hawaii 96847
Telephone: (808) 525-7000
Cable Address: FIRSTBANK
(Honolulu, Hawaii)
S.W.I.F.T.: FHBKUS77
FedWire: ABA 121301015 FST HAW HONO

Japan Respresentative Office, Room 237,
Ohtemachi Building 6-1,
Ohtemachi 1-Chome, Chiyoda-Ku,
Tokyo 100, Japan
Telephone: (03) 3201-6081

SUPPLEMENTAL INFORMATION

First Hawaiian, Inc.'s shares are traded on The Nasdaq Stock Market, and quotations are furnished under the Nasdaq symbol: FHWN.

TRANSFER AGENT
American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, New York 10005

FORM 10-K AND OTHER FINANCIAL INFORMATION
The Company's 1994 Form 10-K annual report, which is to be filed with the Securities and Exchange Commission by March 31, 1995, will be available to stockholders after that date. Analysts, investors and others seeking a copy of the Form 10-K or any other financial information should write to:
Howard H. Karr
Executive Vice President and Treasurer
First Hawaiian, Inc.
P.O. Box 3200
Honolulu, Hawaii 96847

ANNUAL MEETING
The annual meeting of stockholders of First Hawaiian, Inc. will be held on Thursday, April 20, 1995 at 9:30 A.M. in the 20th floor Dining Room of The Plaza Club, 900 Fort Street, Honolulu, Hawaii.

INDEPENDENT ACCOUNTANTS
Coopers & Lybrand L.L.P.
Honolulu, Hawaii

DIVIDEND REINVESTMENT PLAN
Stockholders may reinvest their dividends in additional shares of the First Hawaiian, Inc. common stock through the Dividend Reinvestment Plan. Stockholders wishing to participate in the Plan can receive a descriptive brochure and authorization card by writing to:
American Stock Transfer & Trust Company
40 Wall Street, 46th Floor
New York, New York 10005
or calling toll free at 1-800-937-5449

EXHIBIT 21. SUBSIDIARIES OF THE REGISTRANT

The Corporation or one of its wholly-owned subsidiaries beneficially owns 100% of the outstanding capital stock and voting securities of the following corporations. The Corporation is indirectly the sole general partner of First Hawaiian Center Limited Partnership.

NAME	STATE OR OTHER JURISDICTION OF INCORPORATION
First Hawaiian Bank	Hawaii
First Hawaiian Overseas Corporation	Hawaii
FIH International, Inc.	Hawaii
American Security Properties, Inc.	Hawaii
Real Estate Delivery, Inc.	Hawaii
FH Center, Inc.	Hawaii
FHB Mortgage Company, Inc. dba Phoenix Financial Services	Hawaii
FHB Properties, Inc.	Hawaii
First Hawaiian Center Limited Partnership	Hawaii
First Hawaiian Dealer Center, Inc.	Hawaii
First Hawaiian Creditcorp, Inc.	Hawaii
First Hawaiian Leasing, Inc.	Hawaii
FHL SPC One, Inc.	Hawaii
FHI International, Inc.	Hawaii
Pioneer Federal Savings Bank	Federal
Pioneer Advertising Agency, Inc.	Hawaii

All subsidiaries were included in the consolidated financial statements of the Corporation.

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YEAR
DEC-31-1994
JAN-01-1994
DEC-31-1994
269,876
11,670
180,000
0
151,992
995,887
981,651
5,533,565
61,250
7,535,144
5,152,213
1,329,816
205,108
219,331
0
0
162,713
465,231
7,535,144
418,375
49,580
7,805
475,760
120,289
179,688
296,072
22,922
178
248,321
111,501
72,511
0
0
72,511
2.25
2.25
7.37
55,824
33,367
3,128
0
62,253
27,115
3,190
61,250
46,470
1,085
13,695